

THE DEPARTMENT OF STATE



# Bulletin

Vol. XXXVIII, No. 973

February 17, 1958

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THE  
OFFICIAL  
WEEKLY RECORD  
OF  
UNITED STATES  
FOREIGN POLICY

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# Bulletin

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## **United States and U. S. S. R. Sign Agreement on East-West Exchanges**

*Following is the text of a joint communique (press release 33 dated January 27) containing the agreement on exchanges in the cultural, technical, and educational fields between the United States and the Soviet Union released on January 27 upon conclusion of negotiations which began at Washington on October 28, 1957.<sup>1</sup> Also included are texts of an additional United States statement, identical letters of understanding exchanged between U.S. Ambassador William S. B. Lacy and Soviet Ambassador Georgi N. Zaroubin, and a statement by President Eisenhower.*

### **JOINT COMMUNIQUE**

The United States and the Union of Soviet Socialist Republics announced today that an agreement on exchanges had been reached. The agreement was signed by Ambassador William S. B. Lacy, Special Assistant to the Secretary of State, for the United States and by Georgi N. Zaroubin, Ambassador of the Union of Soviet Socialist Republics, for the Soviet Union. The agreement undertakes to provide for exchanges in such media as radio and television broadcasts and showing of films, as well as to arrange over the next two years for wide exchange in the cultural, technical, and educational fields. In the academic area, exchanges of graduate students, instructors and professors of the universities of both countries will take place for the first time. Exchange of scientists for purposes of lecturing and research are to be worked out by the respective Academies of Science. In medicine and agriculture there are

multiple exchange visits covering a two-year period. Other exchanges are to take place between athletic teams, while outstanding entertainment groups and artists are to visit each other's country.

Some of the exchanges are to begin in the near future. With respect to others—such as direct air flights between New York and Moscow—there was agreement "in principle" and further discussions will be held.

This Agreement is regarded as a significant first step in the improvement of mutual understanding between the peoples of the United States and the Union of Soviet Socialist Republics, and it is sincerely hoped that it will be carried out in such a way as to contribute substantially to the betterment of relations between the two countries, thereby also contributing to a lessening of international tensions.

The text of the Agreement follows:

#### **AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE UNION OF SOVIET SOCIALIST REPUBLICS ON EX- CHANGES IN THE CULTURAL, TECHNICAL AND EDUCA- TIONAL FIELDS**

By agreement between the Governments of the United States of America and the Union of Soviet Socialist Republics, delegations headed on the United States side by Ambassador William S. B. Lacy and on the Soviet side by Ambassador G. N. Zaroubin conducted negotiations in Washington from October 28, 1957 to January 27, 1958, with regard to cultural, technical, and educational exchanges between the United States of America and the Union of Soviet Socialist Republics. As a result of these negotiations, which have been carried on in a spirit of mutual understanding, the United States and the Soviet Union have agreed to provide for the specific exchanges which are set forth in the following Sections during 1958 and 1959 in the belief that these exchanges will contribute significantly to the betterment of relations between the two countries, thereby contributing to a lessening of international tensions.

<sup>1</sup> For an announcement of the first meeting and texts of opening statements by Ambassador Lacy and Ambassador Zaroubin, see BULLETIN of Nov. 18, 1957, p. 800.

## SECTION I

### *General*

(1) The visits and exchanges enumerated in the following Sections are not intended to be exclusive of others which may be arranged by the two countries or undertaken by their citizens.

(2) The exchanges provided for in the following Sections shall be subject to the Constitution and applicable laws and regulations in force in the respective countries. It is understood that both parties will use their best efforts to have these exchanges effected in accordance with the following Sections.

## SECTION II

### *Exchanges of Radio and Television Broadcasts*

(1) Both parties will provide for an exchange of radio and television broadcasts on the subjects of science, technology, industry, agriculture, education, public health, and sports.

(2) Both parties will provide for regular exchanges of radio and television programs, which will include the exchange of transcribed classical, folk and contemporary musical productions on magnetic tape and records; the exchange of filmed musical, literary, theatrical and similar television productions.

(3) For the purpose of strengthening mutual understanding and developing friendly relations between the United States and the Union of Soviet Socialist Republics, both parties agree to organize from time to time an exchange of broadcasts devoted to discussion of such international political problems as may be agreed upon between the two parties. The details of the exchanges shall be agreed upon at the working level.

(4) Both parties will provide for an exchange of samples of equipment for sound-recording and telecasting and their technical specifications.

(5) Both parties will provide for an exchange of delegations of specialists in 1958 to study the production of radio and television programs, the techniques of sound recording, the equipment of radio and television studios, and the manufacture of films, recording tape, tape recorders, and records.

## SECTION III

### *Exchange of Groups of Specialists in Industry, Agriculture and Medicine*

(1) Both parties agree to provide for an exchange of delegations in 1958 in the fields of iron and steel, mining (iron ore), and plastics industry. Both parties agree as to the desirability of arranging additional exchanges in industry during 1958-1959.

(2) Both sides will provide for the exchange of delegations of specialists in agriculture, the American side receiving during 1958-1959 nine delegations of Soviet specialists in the following fields: mechanization of agriculture, animal husbandry, veterinary science, mixed feeds, cotton growing, agricultural construction and electrification, horticulture (including vegetable growing),

hydro-engineering (irrigation) and reclamation, and forestry, lumbering and millwork. In 1958-1959 the Soviet side will receive nine American delegations of specialists in the following fields: the study of agricultural crops, veterinary science, soil use and the use of water resources (irrigation and drainage), mechanization of agriculture, agricultural economics (excluding distribution of agricultural products), cotton growing and plant physiology, sheep raising, biological control of agricultural pests, and forestry, lumbering and millwork.

Details of the exchanges will be agreed upon by representatives of the Department of State of the United States of America and of the Embassy of the Union of Soviet Socialist Republics in the United States of America.

(3) Both parties agree to provide for the exchange in 1958-1959 of eight medical delegations of five to six specialists for periods of two to six weeks to become familiar with research and achievement in the following fields: new antibiotics, microbiology, physiology and pharmacology of the nervous system, radiobiology, biochemistry, metabolic diseases, endocrinology, community and industrial hygiene.

Both parties recognize the desirability of providing for an exchange of delegations in the field of the manufacture of medical apparatus and instruments.

(4) Both parties agree in principle to provide for an exchange in 1958 of delegations of specialists in fisheries.

## SECTION IV

### *Visits by Representatives of Cultural, Civic, Youth and Student Groups*

(1) For the purpose of establishing contacts, exchanging experiences, and becoming more familiar with the public and cultural life of both countries, the Soviet side will arrange to invite to the Union of Soviet Socialist Republics during 1958 groups of American writers (5-6 persons), composers (5-6 persons), painters and sculptors (3-4 persons). In 1958, the United States side reciprocally will arrange to invite similar Soviet groups to visit the United States.

(2) Both parties will provide for the exchange in 1958-1959 of delegations of representatives of youth and delegations of women in various professions.

(3) Both parties agree to provide for an exchange of delegations of student and youth newspaper editors in 1958-1959.

(4) Both parties will promote the development and strengthening of friendly contacts between Soviet and American cities.

## SECTION V

### *Exchange of Visits of Delegations of Members of the United States Congress and Deputies of the Supreme Soviet of the U.S.S.R.*

The proposal to exchange delegations of members of the United States Congress and deputies of the Supreme Soviet of the Union of Soviet Socialist Republics will be subject to further discussion between the two parties.

## SECTION VI

### *Joint Conferences of U.S.A. and U.S.S.R. Organizations*

The desirability of agreement to hold joint conferences of interparliamentary groups in 1958 and 1959 or meetings of representatives of the United States and Soviet associations for the United Nations and UNESCO is a matter for the organizations concerned.

## SECTION VII

### *Cooperation in the Field of Cinematography*

Recognizing the importance of developing mutual cooperation between the United States of America and the Union of Soviet Socialist Republics in the field of motion pictures, both parties have agreed to the following:

(1) To make provisions for the sale and purchase of motion pictures by the film industries of both countries on the principles of equality and on mutually acceptable financial terms. Toward this end, not later than January 1958, Sovexportfilm will enter into contact with representatives of the motion picture industry in the United States, to be approved by the Department of State of the United States, for the purpose of the sale and purchase of films in 1958.

(2) To arrange for the holding simultaneously in the United States of America and the Union of Soviet Socialist Republics of film premieres (American films in the Union of Soviet Socialist Republics and Soviet films in the United States of America, respectively), inviting to these premieres leading personalities of the film industries of both countries.

(3) To carry out in 1958 an exchange of 12 to 15 documentary films in accordance with a list to be mutually agreed upon by the two parties. On the Soviet side the exchange of documentary films will be carried out by Sovexportfilm, such films to be recorded in the English language, and for the United States of America by the United States Information Agency, such films to be recorded in the Russian language.

(4) In the second half of 1958 to provide for carrying out for a period of up to one month an interchange of delegations of leading motion picture personalities, scenario writers and technical personnel to be approved by each side for the purpose of becoming acquainted with experiences in the production of motion pictures in the respective countries.

(5) To recognize the desirability and usefulness of organizing joint production of artistic, popular-science and documentary films and of the conducting, not later than May 1958, of concrete negotiations between Soviet film organizations and United States film companies on this subject, such United States companies to be approved by the Department of State of the United States. The subject matter of the films will be mutually agreed upon by the two parties.

(6) To recommend to the appropriate United States organizations the making of arrangements for the holding of a Soviet Film Week in the United States in 1958 and to recommend to the appropriate motion picture organizations of the Soviet Union the making of arrangements for the holding of a United States Film Week in the Soviet Union in 1958, and to envision the participation in these Film Weeks of delegations from each side numbering 3 or 4 motion picture personalities for a period of two weeks.

(7) To recognize the desirability of producing feature films, documentary films and concert films for television or non-theatrical showing in the United States by Soviet motion picture organizations and the producing of similar films by appropriate United States organizations for television or non-theatrical showing in the Soviet Union. Additional concrete negotiations on this question will be carried on between the Department of State of the United States and the Soviet Embassy in the United States of America.

(8) To designate a standing committee of four members, two from the United States and two from the Soviet Union, the powers of which will be for a period of one year and which will meet once in Moscow and once in Washington during that year to examine problems which may arise in connection with the implementation of the provisions of this Section. The authority of this committee may be extended by mutual agreement.

## SECTION VIII

### *Exchange of Theatrical, Choral and Choreographic Groups, Symphony Orchestras and Artistic Performers*

(1) The Ministry of Culture of the Union of Soviet Socialist Republics will invite the Philadelphia Symphony Orchestra to visit the Soviet Union in May or June 1958 and will send the ballet troupe of the Bolshoi Theatre of the Soviet Union, numbering 110-120 persons, to the United States in 1959 for a period of one month.

(2) The Ministry of Culture of the Union of Soviet Socialist Republics, on the basis of an existing agreement with Hurok Attractions, Inc., and the Academy of the National Theatre and Drama, will send two Soviet performers—E. Gilels, pianist, and L. Kogan, violinist—to the United States in January-April, 1958, and will invite two American soloists—B. Thebom, vocalist, and L. Warren, vocalist—to visit the Soviet Union.

(3) The Ministry of Culture of the Union of Soviet Socialist Republics will send Soviet vocalists I. Petrov, P. Lisitsian, and Z. Dolukhanova, as well as I. Bezrodni, violinist, and V. Ashkenazi, pianist, to the United States and will invite R. Peters, vocalist, L. Stokowski, conductor, and others to visit the Soviet Union.

(4) The Ministry of Culture of the Union of Soviet Socialist Republics, in accordance with an agreement with Hurok Attractions, Inc., will send the State Folk Dance Ensemble of the Union of Soviet Socialist Republics to the United States in April-May, 1958 and will consider inviting a leading American theatrical or choreographic group to the Soviet Union in 1959.

(5) The Soviet side will send the Red Banner Song and Dance Ensemble of the Soviet Army or the Choreographic Ensemble "Beriozka" to the United States in the fourth quarter of 1958 and invite one of the leading American choreographic groups to visit the Soviet Union.

## SECTION IX

### *Visits by Scientists*

(1) The Academy of Sciences of the Union of Soviet Socialist Republics and the National Academy of Sciences of the United States will, on a reciprocal basis, provide for the exchange of groups or individual scientists and specialists for delivering lectures and holding seminars on various problems of science and technology.

(2) The Academy of Sciences of the Union of Soviet Socialist Republics and the National Academy of Sciences of the United States will, on a reciprocal basis, provide for the exchange of scientific personnel and specialists for the purpose of conducting joint studies and for specialization for a period of up to one year.

(3) The details of exchanges mentioned in paragraphs (1) and (2) will be agreed upon directly between the presidents of the Academy of Sciences of the Union of Soviet Socialist Republics and the National Academy of Sciences of the United States in Moscow in the early part of 1958.

(4) The Ministry of Health of the Union of Soviet Socialist Republics will send in 1958 to the United States a group of Soviet medical scientists (3-4 persons) for a period of 2 to 3 weeks to deliver lectures and exchange experiences and will receive a similar group of United States medical scientists to deliver lectures and exchange experiences at the Institutes of the Academy of Medical Sciences of the Union of Soviet Socialist Republics and at medical institutes in Moscow, Leningrad, and Kiev.

(5) In 1958 the Ministry of Agriculture of the Union of Soviet Socialist Republics will, on a reciprocal basis, invite United States scientists to visit the Union of Soviet Socialist Republics for the purpose of delivering lectures and exchanging experiences in the fields of biology, selection, pedigree stockbreeding, agrotechny, mechanization of agriculture, stockbreeding, and others.

## SECTION X

### *Exchange of University Delegations*

(1) Both parties will provide for the exchange in 1958 of four delegations of university professors and instructors for a period of 2 to 3 weeks in the fields of natural sciences, engineering education, and liberal arts, and the study of the systems of higher education in the United States and the Soviet Union, each delegation to consist of from five to eight persons.

(2) Both parties will provide for an exchange of delegations of professors and instructors between Moscow and Columbia Universities and Leningrad and Harvard Universities. Further exchanges of delegations of professors and instructors of other universities of the United States of America and the Union of Soviet Socialist Republics, shall be decided upon as appropriate by both parties.

(3) Both parties will provide for an exchange of students between Moscow and Leningrad Universities, on the one hand, and United States universities, on the other,

amounting to 20 persons on each side for the period of the academic year 1958-1959. For the academic year 1959-1960, the number will be 30. The composition of the student groups shall be determined by each side.

(4) Both parties will provide for an exchange of delegations of educators (8-10 persons) for a period of 30 days in the latter part of 1958.

## SECTION XI

### *Exchange of Individual Athletes and Athletic Teams*

Both parties will provide for an exchange of individual athletes and athletic teams and in 1958-1959 will provide for the holding of the following contests in the United States and in the Union of Soviet Socialist Republics:

(1) Basketball games between representative men's and women's teams to be held in the Soviet Union in April 1958.

(2) Basketball games between representative men's and women's teams to be held in the United States in 1959.

(3) Wrestling matches between representative teams to be held in the United States in February 1958.

(4) Wrestling matches between representative teams to be held in the Soviet Union in 1959.

(5) Track and field contests between representative teams to be held in the Soviet Union in July 1958.

(6) Track and field contests between representative teams to be held in the United States in 1959.

(7) Weight lifting contests between representative teams to be held in the United States in May 1958.

(8) Canadian hockey games between representative teams to be held in the Soviet Union in March-April 1958.

(9) Chess tournaments between representative teams to be held in the United States in 1958.

The details of these exchanges of athletes and athletic teams as well as financial arrangements for these exchanges shall be discussed between appropriate American and Soviet sports organizations.

## SECTION XII

### *Development of Tourism*

Both parties will promote the development of tourism.

## SECTION XIII

### *Exchange of Exhibits and Publications*

(1) Both sides agree in principle on the usefulness of exhibits as an effective means of developing mutual understanding between the peoples of the United States and the Soviet Union. Toward this end both sides will provide for an exchange of exhibits on the peaceful uses of atomic energy in 1958.

(2) Both parties will promote the further development of exchange of publications and various works in the field of science and technology between scientific institutions and societies and between individual scientists and specialists.

(3) Provisions will be made for the Central Scientific Medical Library of the Ministry of Health of the Union

of Soviet Socialist Republics and corresponding medical libraries in the United States to exchange medical journals.

(4) Both parties will promote the exchange of curricula, textbooks, and scientific pedagogical literature through the appropriate agencies of higher and secondary education and directly between educational institutions.

(5) The Ministry of Health of the Union of Soviet Socialist Republics will arrange to make available in 1958 from 8 to 10 medical films for presentation in the United States. On a reciprocal basis, the United States will arrange to make available the same number of American medical films for presentation in the Soviet Union.

(6) The Ministry of Agriculture of the Union of Soviet Socialist Republics and the Department of Agriculture of the United States are prepared to exchange in 1958 films on such agricultural subjects as stockbreeding, mechanization of agriculture, construction and utilization of irrigation and drainage systems, protection of plants from pests and blights, and fight against erosion.

(7) The representatives of the American and Soviet sides, having exchanged their views on the problems of distributing the magazines *Amerika* in the Soviet Union and *USSR* in the United States, have agreed on the desirability and necessity of promoting the distribution of these magazines on the basis of reciprocity. Examination of measures taken by both parties to achieve this end will continue at the ambassadorial level.

#### SECTION XIV

##### *Establishment of Direct Air Flights*

Both parties agree in principle to establish on the basis of reciprocity direct air flights between the United States and the Soviet Union. Negotiations on terms and conditions satisfactory to both parties will be conducted by appropriate representatives of each Government at a mutually convenient date to be determined later.

#### SECTION XV

##### *Entry into Force*

The present agreement shall enter into force on the date it is signed.

IN WITNESS WHEREOF, the undersigned, duly authorized, have signed the present agreement and have affixed their seals thereto.

DONE, in duplicate, in the English and Russian languages, both equally authentic, at Washington this twenty-seventh day of January, one thousand nine hundred fifty-eight.

FOR THE UNITED STATES OF AMERICA:

WILLIAM S. B. LACY

FOR THE UNION OF SOVIET SOCIALIST REPUBLICS:

ZAROUBIN

#### ADDITIONAL U.S. STATEMENT

Press release 33-A dated January 27

With reference to the agreement on exchanges entered into with the Union of Soviet Socialist Republics today, it was noted that, on the United States side, the exchanges will, for the most part, be carried out by private persons and organizations. In the United States, private persons cannot, of course, be directed to participate in such activities. During the course of the negotiations the various persons, firms, and corporations concerned with the proposed exchanges were consulted, and they have expressed their willingness and desire to participate. The agreement is entered into subject to the applicable United States laws and regulations, including the availability of funds.

#### LETTERS OF UNDERSTANDING

Press release 33-B dated January 27

*Identical letters relating to paragraph 3 of section II of the U.S.—U.S.S.R. agreement on exchanges were exchanged as follows.*

JANUARY 27, 1958

DEAR MR. AMBASSADOR: With respect to paragraph 3 of Section II of the Agreement signed this date, it is the understanding of both parties to the Agreement that the texts of such broadcasts shall be exchanged in advance and discussed at the working level. In the event that either party shall consider that the effect of any such broadcast will not contribute to a betterment of relations between the United States of America and the Union of Soviet Socialist Republics, the exchange of such broadcast shall not take place.

Sincerely yours,

WILLIAM S. B. LACY  
(GEORGI N. ZAROUBIN)

His Excellency

GEORGI N. ZAROUBIN,

*Ambassador of the Union of Soviet Socialist Republics.*

(His Excellency

WILLIAM S. B. LACY,  
*Department of State.)*

## **STATEMENT BY PRESIDENT EISENHOWER**

White House press release dated January 27

I am gratified that the Department of State has concluded with the Soviet Ambassador to the United States an agreement contemplating certain exchanges in the cultural, technical, and educational fields. I hope that the arrangement will be implemented in the same spirit which has animated the negotiations. I sincerely trust that through such agreements a better understanding will result between the peoples of the United States and the Soviet Union.

## **Eric Johnston To Negotiate Film Exchanges With Soviets**

Press release 40 dated January 29

The Department of State announced on January 29 that Eric Johnston has accepted a request to head the U.S. film interests in conducting the negotiations for the sale and purchase of U.S. and Soviet theatrical motion pictures. Sovexportfilm will represent the Soviet side.

These commercial negotiations were called for in the agreement signed January 27, 1958, between the United States and the U.S.S.R. on exchanges in the cultural, technical, and educational fields.

As president of the Motion Picture Export Association of America since 1945, Mr. Johnston has conducted many film negotiations with foreign governments and with private motion picture interests abroad. The talks with the Soviet representatives will start shortly.

Under the agreement the representatives of the two industries will make their own conditions and financial arrangements for the sale and purchase of films. Soviet films have regularly been imported into the United States, but U.S. motion pictures have not recently been sold or purchased for distribution in the Soviet Union.

By terms of the agreement Mr. Johnston will work in cooperation with U.S. film companies regularly engaged in the importation or the exportation of motion pictures for theaters in the United States and abroad.

## **10th Anniversary of International Educational Exchange Program**

### **REMARKS BY PRESIDENT EISENHOWER<sup>1</sup>**

White House press release dated January 27

The Smith-Mundt Act was sponsored 10 years ago by my good friend Senator Alexander Smith and Senator Karl Mundt, who was then a Member of the House of Representatives. This act forms the basic legislation of our Government's overseas information and cultural exchange programs. These programs are an important part of our effort to convey to everybody in the world a simple basic truth: America wants peace.

I personally testified before Karl Mundt's committee, as he mentioned, some 10 years ago on behalf of this legislation. I believed in it then, and I believe in it now.

Earlier, Senator William Fulbright had sponsored legislation to use the proceeds from the sale of some of our war material overseas for educational purposes. I am pleased that Senator Fulbright is also with us today and that the law which bears his name continues in force and vigor.

Even more than that, I most heartily endorse and support the sentiments that Senator Fulbright has just expressed. I believe, with him, that the exchange of students—to include under proper arrangements exchange of students coming from behind the iron curtains—should be vastly expanded. In my opinion that program could have no other effect than to increase understanding and to make more secure the peace—a just peace—that we all seek.

Information and education are powerful forces in support of peace. Just as war begins in the minds of men, so does peace.

The program supported by you three gentlemen will help to bring about international understanding, which is the surest way I know to bring about the lasting peace which the United States has always sought.

I think it is a very important meeting when all of these Senators have come here today with

<sup>1</sup> Made at a ceremony at the White House on Jan. 27 commemorating the 10th anniversary of the Smith-Mundt Act.

Mr. Allen,<sup>2</sup> each of them testifying before the American people and before the world of the value of the peaceful efforts of the United States in these important fields.

## DEPARTMENT ANNOUNCEMENT

Press release 31 dated January 24

January 27 marks the 10th anniversary of the signing of the United States Information and Educational Exchange Act of 1948. Sponsored by Senator H. Alexander Smith and Representative (now Senator) Karl E. Mundt, this law provided permanent authority for a worldwide program of international educational exchange under the auspices of the Department of State. The Department's previous cultural activities had been largely limited to the Western Hemisphere.

Since the passage of the Smith-Mundt Act, the Department has sponsored the exchange of nearly 50,000 people between the United States and over 80 foreign countries. Fourteen thousand were United States citizens who undertook educational projects abroad, and 36,000 were nationals of foreign countries who came to the United States for similar activities.

The largest number, 24,000, were engaged in graduate study. More than 10,000 were foreign leaders and specialists who came to the United States for brief periods of observation, consultation, or practical training. Also included were 6,000 teachers, 7,000 university lecturers and research scholars, 1,300 United States specialists, and 1,000 foreign teen-agers.

While the variety of fields in which these people work varies slightly from year to year, in 1957 about a fourth specialized in the physical and natural sciences, a fourth in the social sciences, a fourth in the humanities, and a fourth in such fields as education, government, and public administration.

Under this law the Department also assists American-sponsored schools in the other American Republics. These schools serve as models for United States educational methods and spread the use of the English language and an appreciation of our way of life. Thirty-five such schools

in 17 of the American Republics have received financial grants through this program, and about 250 schools have received professional services.

Other provisions of the Smith-Mundt Act make it possible for foreign governments to advance funds for the services of American specialists and for training their nationals in the United States. During the past fiscal year a total of \$392,000 was advanced by the Governments of Australia, Burma, Canada, Chile, France, Malaya, New Zealand, Saudi Arabia, Thailand, and Venezuela for projects primarily concerned with economic development.

The Department has also encouraged and assisted many exchange projects carried out under non-United States Government sponsorship, involving about 6,000 people a year. It has, by authority of the Smith-Mundt Act, designated "exchange visitor programs" to facilitate the entry into the United States for educational purposes of nearly 50,000 persons under private sponsorship.

On the other hand, private organizations and institutions and the American public have made outstanding contributions to the Department's program, both in terms of financial support and voluntary services. This public-private partnership has been a major factor in developing a program which is increasing understanding of the United States in other countries and promoting mutual understanding between the people of the United States and those of other countries—the objectives of the Smith-Mundt Act.

## Soviet Distortion of U. S. Proposals on Summit Meeting

*Oral Statement by Lincoln White  
Chief, News Division<sup>1</sup>*

Mr. Khrushchev delivered a lengthy speech in Minsk last Wednesday [January 22] addressing himself, among other things, to the President's proposals for a summit meeting as set forth in his letter—that is, the President's letter—of January 12 to Chairman Bulganin.<sup>2</sup> It is noteworthy

<sup>1</sup> Made to news correspondents on Jan. 28.

<sup>2</sup> For text, see BULLETIN of Jan. 27, 1958, p. 122.

that Foreign Minister Gromyko, when he received the United States Ambassador on the day following Khrushchev's speech, made no mention of the matters raised in that speech.

Mr. Khrushchev's distorted view of United States policies and motivations, and of the policies and motivations of some of our allies, emphasizes the difficulties which would beset a short, unprepared meeting of Heads of Government such as the Soviet Government has proposed. We presume the Soviet Union will reply to the serious proposals put forward by President Eisenhower in his reply of January 12. We cannot believe that the Minsk speech of the First Secretary of the Soviet Communist Party, or indeed his remarks at the cocktail party last night, is intended as an

adequate reply. In the Minsk speech, Mr. Khrushchev makes the contentions that have repeatedly been set forth by the Soviet Government. He pointedly omits any mention of the long series of initiatives of the United States for peace, as well as its long, constant record of nonaggression. At the same time he ignores the deep concern with which the world views Soviet intentions and Soviet behavior.

The peoples of the world should be informed of all the facts in order that they may reach sound conclusions of their own. It is also of some interest to note that the President's reply, also the ones from Prime Minister Macmillan and Premier Gaillard, to Marshal Bulganin were not published in the Soviet Union until they appeared in *Izvestia* this morning.

## Fourth Session of Baghdad Pact Ministerial Council

*Statements by Secretary Dulles*

*Following are two statements made by Secretary Dulles at the fourth session of the Council of Ministers of the Baghdad Pact, which met at Ankara, Turkey, from January 27 to 30, 1958, together with statements made by Mr. Dulles on his arrival at Ankara on January 26 and on his return to Washington on February 1 and the text of the final communique issued at the close of the session.<sup>1</sup>*

### ARRIVAL STATEMENT, ANKARA, JANUARY 26

Press release 34 dated January 27

It is a source of satisfaction that I am able to visit Turkey and its capital city, Ankara, once again. I well remember the last time I had the privilege of being in this country, in May of 1953, and the warm welcome and many courtesies which your Government and people extended me.

At the December meeting of NATO in Paris, President Eisenhower and I had an opportunity to renew our cordial friendship with Prime Min-

ister Menderes and Foreign Minister Zorlu, and the other members of Turkey's delegation. It is always reassuring to observe the steadfastness with which your Government supports the concept of national independence and collective defense.

My deep interest in free-world unity and the development of collective-security organizations, such as the Baghdad Pact, brings me to Ankara for this meeting of the Ministerial Council of the Pact. As head of the American observer delegation to the Council meeting, I shall gain a more intimate knowledge of the workings of the Pact as it continues to pursue the goals of peace, security, and human welfare.

The United States looks forward to a fruitful continuation of its association with the Baghdad Pact.

### OPENING STATEMENT, JANUARY 27

Press release 35 dated January 27

It is with deep personal satisfaction that I join with you today at this fourth Ministerial Council session of the Baghdad Pact. We enjoy the gracious hospitality of Turkey and profit from the

<sup>1</sup>Secretary Dulles was the head of the U.S. observer delegation. For a list of the delegation, see BULLETIN of Feb. 10, 1958, p. 211.

generosity of Iraq in providing permanent headquarters in Baghdad. I bring you the greetings and good wishes of President Eisenhower. He has charged me with conveying to you the keen interest with which he has followed the development of the Pact. He—indeed all of us—have drawn great encouragement from the steady progress it has made toward its goals of peace, security, and human welfare. This, gentlemen, is your accomplishment. You have reason to be proud of it.

The reports of our representatives at various Baghdad Pact sessions have kept us fully informed of your work. Nevertheless, I have long wanted to acquaint myself at first hand with the organization that you have so successfully built, and I welcome this opportunity to do so.

Gentlemen, the close of World War II raised mankind's hopes that a new era of peace and security for all might now prevail. Unfortunately, these hopes were soon dashed. Instead, free men and free nations found themselves faced with a struggle to preserve their independence from the predatory ambitions of Communist imperialism. Moscow and Peiping, directly or through local Communist parties, have relentlessly sought to extend their control in every direction. Where they have succeeded, freedom of choice has become a sham, the dignity of the individual a hollow mockery. The list of once free and proud nations that must today wear the Communist yoke is painful to recall. They are nearly a score in number. Coercion alone keeps them in this state of bondage, as was demonstrated by the recent revolt of the Hungarian people against their alien masters. Yet the parties of international communism continue openly to proclaim their goal of world domination. They did so again, only last November, at Moscow.

Currently the use and threat of military power are supplemented by intensified and enlarged efforts at subversion and seduction. These efforts are insidious and deceptive. They seize upon mankind's yearning for economic and social betterment to undermine his vigilance to resist enslavement.

The Middle East has long been coveted by Russia. The Soviet Union has enthusiastically assumed this legacy of Czarist imperialism. Stalin demanded, in 1940, a zone of influence for Russia in the area of the Persian Gulf, and the first So-

viet postwar territorial demand was for trusteeship over Libya. Directly and through its alter ego, the international Communist movement, the Soviet Union gives high priority to domination of the Middle East. Where open attacks encounter solid resistance, subtle and devious methods are invoked. But even so, the Soviet rulers do not forgo threats, and our Turkish and Iranian friends, in particular, know from first-hand experience to what lengths the Soviet Union will go in its attempts to intimidate. Gentlemen, we may all draw inspiration from their courageous reaction to such pressure.

Fortunately, there is, in general, a clear perception of the threat to independence posed by Communist imperialism. Around the world, the free nations have drawn together in collective regional associations as authorized and encouraged by the charter of the United Nations. These associations would, I believe, profit from exchange of information and of experience as between themselves.

The United States stands firmly behind the resolve of all Middle East nations to remain free and to reinforce the peace. We wholeheartedly support the Baghdad Pact. The United States knows, as must all fairminded men, that the Pact threatens no one. It obstructs no legitimate and constructive national aspirations of any people or group of people. Its purpose is to promote cooperation in self-defense, a right specifically acknowledged in article 51 of the United Nations Charter. It offers the hand of friendship to all like-minded nations of the Middle East and also recognizes the right of each nation to choose fully and freely its own road to security.

The purposes of the United States in the Middle East have been spelled out clearly in the joint congressional resolution on the Middle East which was adopted last year.<sup>2</sup> The goal, as there expressed, is "the maintenance of national independence" of the nations of the Middle East.

We are well aware of the fact that in this general area political independence, always an aspiration, has sometimes been lost and oftentimes been threatened, as indeed it is threatened today.

Also we recognize that it is not enough merely to want, or now have, independence. Reliable independence rests on two pillars: the pillar of defensive security and the pillar of economic health.

<sup>2</sup> For text, see *ibid.*, Mar. 25, 1957, p. 481.

The United States is prepared to cooperate, where desired, in assisting in these two ways any nation or group of nations in the general area of the Middle East to maintain national independence.

#### **Defensive Security**

Let me speak first of security.

Security cannot be taken for granted. It must be won by positive efforts. It is not won by pacifism, by weakness, or by appeasement. That has been demonstrated time after time. Security is won by conditions which make it apparent that aggression does not pay. If a potential aggressor realizes that he will, by aggression, lose more than he could gain, it can be reliably assumed that he will not attempt aggression. That is where collective security plays its indispensable role. Few nations, by themselves, possess the resources needed to deter aggression. Collectively they can do so. Therefore, sometimes by treaty, sometimes by congressional resolution, the United States has associated itself with over 40 nations in defense of national independence and of peace. In relation to the Middle East the Congress has authorized the President to use armed forces to assist any nation or group of nations in the Middle East—and the Baghdad Pact constitutes such a group—requesting assistance against armed aggression by any country controlled by international communism.

The Baghdad Pact group of countries can be confident that mobile power of great force would, as needed, be brought to bear against any Communist aggressor. And by the same token any such potential aggressor knows in advance that his losses from aggression would far exceed any possible gains. That is an effective deterrent to aggression and a guaranty of peace.

Also, it is vital that there be forces of national defense. These constitute indispensable, visible evidence of the will of people to fight and die, if need be, for their homes, their nation, and their faith. There is no "pushbutton" substitute for this. Furthermore, such forces, with the reinforcement where needed of mobile power, can save the people from the scourge of invasion if, perchance, deterrence fails. The United States has contributed, and will contribute, to this aspect of defense.

For all of these reasons, the United States has accepted your invitation to participate in the

Military Committee of the Pact and to designate a deputy director for the Baghdad Pact Combined Military Planning Organization.

It is in this spirit that my Government accepted your earlier invitation to participate in the work of the Countersubversion Committee. I think we must frankly acknowledge that even the nations that are fully aware of the Communist danger have yet to find the best and most effective counters to Communist subversion. We have all learned much in recent years, but there is still scope for much improvement in the tactics of counttersubversion. Here, too, we may be assured that cooperative efforts will increase our effectiveness.

These, then, are the security aspects, the peace insurance aspects, of the Pact. The military elements are necessary until such time as a workable system of international arms control is achieved.

I assure you that the United States strives earnestly both to end the nuclear menace and to limit conventional armaments. I recall that a decade ago the United States, possessing a monopoly of atomic weapons, offered to forgo that monopoly and to join in establishing a system to assure that atomic power would be used only for peaceful purposes. The Soviet Union alone blocked that peaceful and humanitarian measure.

And we act in the same spirit today. Outer space is becoming, for the first time, usable, and both the United States and the Soviet Union are experimentally using outer space for weapons purposes. So the United States has proposed to the Soviet Union that the nations forgo the use of outer space for war and dedicate it for all time to the peaceful purposes of mankind, to man's fuller life, not to his greater peril. So far that proposal remains without positive response.

The Soviet Union has, however, by a statement made last week, advanced the grotesque thesis that only atheistic governments, as are the Communists, can properly possess modern weapons. The argument is that it would be a sacrilege for religious peoples, for defenders of the faith, to have such weapons; thus only the atheists, the Communists, can have them.

The United States ardently seeks limitation of armament on the basis of equality. But never will the United States accept the Soviet Communist thesis that men, because they are religious, must deny themselves the means to defend their religious freedom.

### **Economic Health**

Let me speak now of economic health. This is an equally indispensable pillar of independence. Without it no nation can maintain adequate and dependable security forces or be able surely to resist subversion.

Large military establishments are not easily reconciled with economic welfare. One of the merits of collective self-defense is that it reduces the requirements for individual self-defense. For under a collective system the mobile power that protects one can equally protect many. In this way, and only in this way, is it made possible for nations confronted by superior hostile power to avoid making the people fear an excessive non-productive military burden and enable them to combine military security with economic health.

Military authorities can advise us about military security. But there is need also for a broad political judgment that comprehends both military and economic factors. Some economic sacrifices are needed for military security. We dare not give so absolute a priority to military requirements that economic health collapses. Indeed a sound and developing economy is the indispensable foundation for sustained military effort. Furthermore, given the deterrent military power that exists in the world today, there may be greater risk to independence in economic weakness than in local military weakness. It is not easy to strike the proper balance between military and economic effort. To achieve that is, however, the paramount duty of statesmanship.

The Baghdad Pact's activities in the economic area are heartily applauded by the United States. There is farsighted recognition of the need to improve the social and economic condition of the peoples of the Pact member states. You have demonstrated this in the imaginative regional economic program that you have developed.

Social and economic progress is a universal desire. It is understandably most acute among those peoples who, for various historical reasons, do not yet fully share in the benefits of modern technology and science. These improve man's health, ease his labor, and afford him greater opportunities to develop his own talents and spiritual resources.

The United States has gladly cooperated with you in this endeavor. We are participating in the Economic Committee of the Pact and have sought to play a helpful part in the work of its suborgans.

The United States, through Ambassador Richards, last year made available substantial funds to permit a start to be made on various Baghdad Pact-endorsed regional communications projects.<sup>3</sup> We have also developed a program of technical assistance through the Pact. All of this is in addition to the extensive bilateral economic programs which we have with each of the Pact Middle East states.

The United States is convinced that the economic program of the Pact deserves to be pushed with vigor. We believe that there is merit in concentrating internationally on completing those projects already planned or under way. They will then stand as a tangible manifestation of the benefits following to the people of the Middle East member states from their Governments' wise decision to participate in the Pact.

### **Meeting the Communist Threat**

Gentlemen, we live in difficult days. By great efforts over the centuries—efforts marked by successes and failures—men have reached a great appreciation of the dignity of the human individual and the need for an organization of the society of nations in accordance with the tested principles of collective security and friendly cooperation. Yet at the moment, when so much seems possible, all is endangered. A small group believes fanatically in a materialistic, atheistic society. It believes in mechanistic conformity, both in terms of human beings and of national groups. It would turn men into cogs in a materialistic machine, thinking and acting under central dictatorship. It boasts that it is "internationalist" in the sense of bringing all governments everywhere under the domination of a single power, that of international communism, acting under the guiding direction of the Communist Party of the Soviet Union.

This fanatical group, using every device without moral restraint—for they deny the existence of a moral law—by use of revolution, military conquest, and subversion have come to rule a great part of the world, and they exploit the human and material resources they now control to extend their domination over the rest of us.

That is a threat of immense proportions. We need not, however, be dismayed. The greatest danger is always the danger which comes from

<sup>3</sup> *Ibid.*, May 6, 1957, p. 730.

blindness to danger. Today we see the danger, and we are allied with forces that have repeatedly demonstrated their ability to prevail as against materialistic despotisms. There are, we know, God-given aspirations for freedom of mind and spirit and for opportunity. These are beyond the power of man to destroy. So long as we ally ourselves loyally and sacrificially with what is good, what is true, our cause surely will prevail.

Gentlemen, the United States observer delegation, animated by these sentiments, will endeavor to make a constructive contribution to your deliberations.

Thank you.

#### **STATEMENT AT CLOSING SESSION, JANUARY 30**

Press release 42 dated January 31

As this fourth session of the Baghdad Pact Ministerial Council draws to a close, I should like to express my appreciation to you, Mr. Chairman, for the distinguished manner in which you have presided over our conference and for the generous hospitality which your Government has extended to us. I also express my appreciation to the Secretary General and his staff for their excellent work in preparing for this meeting and for their continued contribution to its smooth and rapid progress.

The United States delegation has, I hope, made clear that the United States participates wholeheartedly in the commitment of the Baghdad Pact to "cooperate for security and defense." Under our constitutional processes, the Government acts in these matters either by the treaty process or pursuant to congressional resolution. In this case, we act pursuant to a congressional resolution. It authorizes cooperation in the military and economic field and, if need be, by military action. Our commitments coincide with the treaty commitments, and we are backing them up by cooperative effort in the political, economic, and military fields. That has been made apparent at the meeting as we have reviewed the reports of the Pact committees and have planned for the future.

Gentlemen, the threat of Soviet Communist imperialism has long made itself felt in this area, and it does so still today. Its tactics may change, but its predatory design persists. Only constant vigilance and cooperative effort will enable the

free countries of the Middle East to preserve their independence and their noble heritage.

This meeting of the Baghdad Pact Council has, I believe, given conclusive evidence of the purpose of our six nations to stand together, and to stand together effectively, in the maintenance of our independence and the welfare of our peoples. We harbor no aggressive design or purpose whatsoever, seeking only peace and security for ourselves and indeed for the entire area of the Middle East. Our deliberations avoid interference in each other's internal affairs in accordance with article 3 of the Pact. That principle, often proclaimed only to be disregarded, is here scrupulously observed.

Our work of these past few days represents a proud achievement. We have here recorded much accomplishment and made good plans for the future. There is, however, no room for complacency. Those who would disrupt, divide, and subvert the Middle East continue their insidious designs. They call for a "relaxation of tensions," but we cannot afford the relaxation prescribed by those who intensify their own efforts to make us their unresisting victims. Our efforts to build effectively security and economic stability must be steadfastly pursued.

The United States delegation has been deeply impressed by our experience here. I have had for the first time the opportunity to acquaint myself at first hand with the Baghdad Pact and to feel the pulse of its vitality, the warmth of its friendship, and the consecration of the Pact members to its goals of peace and human welfare. We leave uplifted and heartened by the faith and the works with which we have here been associated.

#### **ARRIVAL STATEMENT, WASHINGTON, FEBRUARY 1**

Press release 46 dated February 1

I return from a short trip to the Middle East. My principal purpose was to attend in Turkey the meeting of the Baghdad Pact. However, I also had useful stops in Morocco and Iran.

Five years ago, after visiting the Middle East, I said that it seemed logical that the "northern tier" of Middle East countries should draw together for collective defense against the expansionist pressures coming from the north. Such an association was in fact formed in 1955, through the

Baghdad Pact, and the United States has consistently followed the Pact's activities with close and sympathetic interest. Our association became even more positive after the Congress last year adopted the Middle East Resolution.

At this time the Soviet Union is making exceptional efforts to establish a foothold in the Middle East, and it is bombarding the Pact nations with threatening missives. Accordingly, President Eisenhower thought that it would be useful for me personally to attend this meeting and to demonstrate on the spot the United States support of the Pact. It is now made evident that the five Pact members and the United States stand unitedly to bar Soviet armed aggression from the north.

Much of our attention also was directed to plans for economic development and social welfare in the Pact area. We recognized that excessive military efforts can create economic conditions which facilitate Communist subversion.

The Council took note of the fact that international communism is trying to leap over the barrier represented by the Pact area and to gain a foothold in the Arab areas to the south. The Council also noted that the Soviet-bloc economic activities actually represent efforts at penetration and subversion. Our final declaration was clear and strong on this point; and we believe that, as the Muslim believers and the adherents of Arab nationalism sense the danger, they will constitute powerful barriers to the predatory efforts of an atheistic, expansionist regime.

I return greatly encouraged by the community of purpose within the Pact, by the intimacy of its association and the growing competency of its cooperative planning. I also have the impression that the identification of the United States with the Pact, pursuant to the Middle East Resolution, constitutes an important fortifying element.

## TEXT OF COMMUNIQUE

Press release 43 dated January 31

The Fourth Session of the Baghdad Pact Council was held in the New Grand National Assembly Building in Ankara from January 27 to January 30, 1958. His Excellency Mr. Adnan Menderes, Prime Minister of Turkey was in the Chair. The Delegations from the member countries were led by:-

(i) His Excellency Dr. Manouchehr Eghbal—Prime Minister—Iran

(ii) His Excellency Sayid Nuri Al-Said—Iraq

(iii) Malik Firoz Khan Noon—Prime Minister—Pakistan

(iv) His Excellency Mr. Adnan Menderes—Prime Minister—Turkey

(v) The Right Honourable Selwyn Lloyd—Secretary of State for Foreign Affairs—United Kingdom.

The United States participated through a delegation led by the Honourable John Foster Dulles, Secretary of State.

The Council noted with satisfaction the presence of Mr. Dulles at the session.

The Council, during its four day session, reviewed the work of the Baghdad Pact Organisation and after discussions adopted the reports and recommendations of:-

(i) The Economic Committee;

(ii) The Liaison Committee;

(iii) The Counter Subversion Committee; and

(iv) The Military Committee.

The Council recalled that the Baghdad Pact arose from the desire of the peoples of the area for security from Communist imperialism or Communist-inspired domination in any shape or form, and noted with satisfaction that despite attacks on the Pact and its members, the Pact had developed into a strong and cohesive organisation representing the best hope for the safeguard of peace, liberty and independence in the area.

The purpose of the Pact, a free alliance between equal partners, is the defence and security of the area. This is as vital to world peace as it is to constructive cooperation for the benefit of the 135 million people of the Pact region who are predominantly Muslim.

The Council recognised that attempts at subversion in the area must be defeated and peaceful conditions maintained.

The Council reaffirmed that the economic progress of the Pact area and the promotion of the social well-being of its people require a speedy implementation of its programme of economic development.

## Political

The Council reviewed the international situation in a series of meetings. A number of these meetings were of a private nature in which heads of delegations were able to exchange views and information with that frankness which befits the equal and intimate association of member countries within the Pact. The Council recognised the usefulness of full and candid discussions which have become an invaluable feature of the Baghdad Pact Organisation.

The Council recognised the need for the constant exposure of the familiar Communist technique of subversive penetration falsely presented as friendly co-existence and help for underdeveloped countries.

While the free world has taken bold and important steps in the liberation and granting of independence to many nations in recent years; and while it is striving to settle the problems of the area in a spirit of justice and equality, the Council noted with regret that in pursuit of its aims, the International Communist movement at-

tempts to exploit nationalism, fear of war, economic distress, the plight of Arab refugees, "colonialism", and Afro-Asian sentiment through propaganda and Communist controlled and influenced organisations. Communist efforts to penetrate the region by means of indirect aggression such as infiltration and subversion continue to be a menace and call for constant vigilance and increased solidarity.

The Council further noted that since its last meeting in Karachi in June, 1957,<sup>4</sup> Communist imperialism had increased its efforts to dominate the Middle East. These efforts, in the form of pressure, threats and false accusations, were particularly directed by the Soviet Union against Turkey, whose calm and courageous stand evoked the admiration of her associates in the Council.

The Council expressed the desirability of cooperation between the Pact and other free world regional collective security organisations, in the belief that closer contacts among free world nations would contribute to their common cause of promoting security and social well-being for their peoples.

The Council noted with concern that areas of conflict which offer a rich opportunity for exploitation by Communist Imperialism and constitute a potential threat to international peace continue to exist in various parts of the world. It devoted considerable time to discussing the situations in the Mediterranean region, the Middle East and South Asia and emphasised that situations which imperil the security of the Pact area should be resolved in accordance with the principles of justice and the United Nations Charter.

The Council was of the opinion that the indiscriminate use of the Veto in the Security Council should be given up as an instrument of cold war so that the United Nations can function as an effective force for the pacific settlement of disputes.

The Council believed that the concept of the United Nations Emergency Force as an instrument of the United Nations and its use in areas of disturbance should be recommended for acceptance to members of the United Nations.

While recognising the continuing need for vigilance and therefore for constant improvement in the security and defence of the Pact area, the Council reaffirmed their earnest desire for peace and their determination to spare no efforts to seek it.

### Economic

The Council reviewed the work of the Economic Committee and approved resolutions containing recommendations in the fields of health, agriculture, communications, public works, trade and the financing of joint projects.

The Council noted with satisfaction that a firm basis of economic cooperation had been established on which the Pact could continue to build and that, as a result of the work done by the sub-committees, there is now a promising programme of technical assistance which is developing on a cooperative basis. This will be of great benefit to the living standards in the Region.

<sup>4</sup> *Ibid.*, Aug. 12, 1957, p. 276.

Technical Assistance already provided or planned covers the following fields:-

Health; Agriculture; Pest-Control; Animal Health; and Animal Production.

In the field of technical assistance the Government of Iran has allocated 10,000,000 rials, the Government of Turkey TL750,000 over a period of 5 years. These are in addition to the offers made at Karachi (namely £1,000,000 over five years by the United Kingdom and RS.500,000 by Pakistan).

The Council noted that progress had been made in the implementation of approved joint projects. It approved the resolution of the Economic Committee for further implementation of these projects. This resolution recommends that the donor governments, members of the Baghdad Pact Economic Committee, give early and favourable consideration to providing assistance for such projects; and that member countries of the region continue their present efforts to implement them.

The Council recognised the need for specific action on approved projects and was pleased to note that the survey for the telecommunications network linking the capitals of the area members was already under way. It received with appreciation the announcement by the United States that it expected to provide an additional \$10,000,000, thus ensuring that most of the funds needed for the construction of this network will be available. The United States referred also to the possibility of obtaining additional financing for joint projects from the World Bank, the Export-Import Bank and the recently established Development Loan Fund.

### Scientific Cooperation:

The Council noted that cooperation among members of the Economic Committee and the sub-committees and in the Nuclear Centre and its Scientific Council is already making a contribution to the raising of standards of technical and scientific knowledge in the Pact countries. It decided that their Deputies should examine the possibilities of extending the present programme into wider fields.

### Military

The Council noted that "The Combined Military Planning Organisation" had been set up in Baghdad last autumn. This gave considerable impetus to defensive military planning, increased the effectiveness of the defence efforts of the signatory states of the Pact and marked a significant step forward in the determination of member nations by international cooperation to uphold their sovereignty.

The Council approved the designation of the permanent planning organisation as the "Combined Military Planning Staff", and approved a charter for the Director and his staff. Among the duties of the Combined Military Planning Staff are the planning and coordination of combined staff training exercises.

The Council also accepted a recommendation of the Military Committee to hold combined staff training exercises in the near future.

The Council also accepted the Military Committee's recommendation to appoint Lt. General Ekrem Akalin of the Turkish Army to be Director of the Combined Military Planning Staff for the year 1958. He will be assisted by Major General Daniel S. Campbell of the United States Air Force, who has been the Deputy Director of the Combined Military Planning Staff since September 1957.

The Council commended the work in 1957 of the first Director of the Combined Military Planning Staff, Major General M. Habibullah Khan of the Pakistan Army.

#### **Next Meeting of the Council**

The Council decided to hold its next meeting at the Ministerial level in London in July, 1958. Meanwhile the Council will continue to meet regularly at the Deputy level.

### **Bombing of American Property in Ankara**

Press release 37 dated January 28

*Secretary Dulles on January 28 sent the following letter to Adnan Menderes, Prime Minister of Turkey.*

**DEAR MR. PRIME MINISTER:** I have been deeply impressed by the solicitude shown by the Government of Turkey in connection with the bombing on the night of January 26th of a building on the American Embassy property, and an apparent attempt to bomb the United States Information Service library. Fortunately, the damage was not great.

I sincerely appreciate the fact that, late at night, the President and the Prime Minister, as well as other Ministers of the Turkish Cabinet personally visited the area of the explosions and that certain of the Ministers also called on me at the Embassy residence. I am confident that no effort has been spared by your Government in carrying out an investigation so that at least the immediate perpetrators can be apprehended. Also, the statements made in the Grand National Assembly by Democrat and Republican Deputies have been most gratifying.

A communiqué issued by the Ministry of the Interior indicates that further investigations were of a nature to confirm the first impression that the incident was of Communist origin. This act

of terrorism is typical of those who believe and practice violence as a means to achieve their ends.

Sincerely yours,

**JOHN FOSTER DULLES**

### **Representatives of World Bank Take Part in Suez Discussions**

The International Bank for Reconstruction and Development announced on January 23 that conversations were held in Cairo on January 21 and 22 between representatives of the bank and a delegation representing the Egyptian Government for the settlement of outstanding questions between the Egyptian Government and the Suez shareholders.

The representatives of the Egyptian Government have expressed their readiness to open discussions on these questions at Rome during the third week of February 1958 with representatives of shareholders.

The Egyptian Government has welcomed the participation of the World Bank in these discussions in the capacity of good officer, and Eugene R. Black, president of the World Bank, has nominated W. A. B. Iliff, vice president of the bank, as bank representative. He will be assisted by Ellsworth E. Clark, C. de Beaufort, and P. S. N. Prasad. The chairman of the First Boston Corporation of New York, George D. Woods, has agreed to act in the capacity of consultant to the bank group.

The representatives of the Suez shareholders to participate in these discussions will be announced after a special meeting of the shareholders to be held at Paris on February 5.

### **U.S. Recognizes Venezuelan Junta**

Press release 38 dated January 28

The Department of State on January 28 instructed Charles R. Burrows, United States Chargé d'Affaires at Caracas, Venezuela, to inform the Venezuelan Government that the Junta of Government is recognized as the Provisional Government of the Republic of Venezuela.

## Africa: Its Challenge to the West

by Julius C. Holmes  
Special Assistant to the Secretary<sup>1</sup>

Africa means many things to many people. To the average American it has long been a great unknown continent of steaming jungles and pagan peoples, remote, exotic, almost unreal—the preserve of missionaries, explorers, moviemakers, and big-game hunters. To the sociologist, the anthropologist, the geographer it is a continent replete with opportunities for research. The economist regards its enormously rich and undeveloped agricultural and mineral resources as a golden field for investment, trade, and development. To the statesman of the West, Africa has become one of the greatest challenges of the 20th century.

I have just returned from a richly rewarding study tour of Africa—a trip that required 2½ months, took me over a large part of that large continent, and covered almost 40,000 miles.<sup>2</sup>

My purpose today is to review with you the current African scene, to describe its challenge, to outline the American interest, and to note what this country is doing and must do to meet that challenge.

We should begin by remembering that there are in reality two Africas: first, the predominantly Arab-Berber-Muslim north; second, the vast, principally Negroid, sub-Saharan south. Both areas, of course, also include large multiracial communities, including important European populations. As our time is limited and the available subject matter profuse, I shall confine my remarks for

the next few moments primarily to the sub-Saharan or middle and southern Africa, which is perhaps less known to most of us but harbors the bulk of the continent's population and natural resources.

Hundreds of tongues are spoken in this area of 140 million souls of many races. The variety of climate, terrain, scenery, and resources defies generalization. The climate runs the gamut from driest desert to the heaviest rainfall regions in the world. The terrain varies from snow-capped Mount Kilimanjaro in Tanganyika to the marshes of west and central Africa. Its people range in size from 4-foot pygmies in the Congo to giant 7-foot Watusi warriors in the heartland of Ruanda-Urundi. In its subsoil are large resources of the world's great strategic materials—uranium, copper, diamonds, chrome, columbite, manganese, to mention some of the more spectacular. Its fields and forest provide such important products to Western economy as rubber, cocoa, coffee, and seed oils. Its problems are urgent and basic—the eradication of disease, the conquest of ignorance, the elimination of poverty. Its possibilities are almost without limit.

Sub-Saharan Africa divides itself in many broad categories. First, there are 34 separate political divisions, and the spectrum runs from independent states and U.N. trust territories to protectorates, colonies, and overseas provinces of European nations.

### Trend Toward Self-Government

The outstanding political aspect of Africa today is the dynamic trend toward self-government.

<sup>1</sup> Address made before the World Affairs Council at Philadelphia, Pa., on Jan. 27 (press release 32 dated Jan. 24).

<sup>2</sup> For an announcement of Mr. Holmes' itinerary, see BULLETIN of Oct. 21, 1957, p. 650.

African nationalism is emerging as a force which can be neither ignored nor denied. It is basic to our discussion that we realize that the success which the United States and the Western World demonstrates in adjusting to this powerful force will probably be decisive in determining the future orientation of the continent.

But before we go further I feel it both appropriate and imperative to mention the historic contribution which the European nations have made to the civilization and the economic, political, and social development of 20th-century Africa. The world has seen in Ghana the first example of an African colony which has evolved steadily and with full British support and assistance along the road first to self-government and then, in 1957, to full independence.

As the philosophies, systems of government, and colonial policies and objectives of the European powers vary, so does nationalism in its many stages of development in sub-Saharan Africa. In some British and French territories nationalist movements are both sophisticated and vigorous. In other areas Africans are just beginning to grope for a new identity.

Generally the world is watching with great interest the developments toward self-government that are unfolding as a result of the fruitful partnership between colonial authorities and emerging local leaders in the British territories of Nigeria, Uganda, and the Federation of Rhodesia and Nyasaland, and in the five French territories of French West Africa, French Equatorial Africa, Madagascar, and the U.N. Trust Territories of Togo and Cameroun.

In the Belgian Congo, where emphasis has been placed on economic and social development, the Belgian Government last December held elections on a common-roll basis to municipal advisory councils in the larger cities, including Léopoldville and Elisabethville. This year these elections will be extended to other cities throughout the colony.

Emergent African nationalism will clearly remodel the face of Africa in the years ahead and will bring about a transformation of the relationship between Europe and Africa. The nature of this new relationship will largely be determined by the balance which it strikes between African aspirations and European policy interests.

### Race Relationships

Another field in which balance and adjustment are vital is that of race relationships. And that brings us to another important division within sub-Saharan Africa—the division between territories with principally Negroid populations and those with mixed populations, including Asian, some Arab, and large European communities. The former areas are characterized by racial integration, the latter by segregation and acute race consciousness, with varying degrees of interracial bitterness.

In Nigeria, out of a total population of 34 million people, there are only 16,000 non-Africans. Nigeria is essentially an African territory with a transient or temporary commercial, professional, and civil-service non-African community. This is generally the situation throughout west Africa.

In eastern and southern Africa, however, the situation is quite different. In the Union of South Africa, for example, there are almost 3 million Europeans and 400,000 Asians in the total population of 14 million. Of the total population of 7,300,000 in the Federation of Rhodesia and Nyasaland, about 300,000 are European and 30,000, other races. The Europeans and Asians in these and other east African territories quite legitimately and naturally regard Africa as their home. Moreover, the contribution of the European to the economy, development, and leadership of these territories has been of very far-reaching significance. Furthermore, they are obviously too numerous to be moved out and most certainly have no wish or intention to leave. The need is to bring about an effective, equitable race relationship which will accrue to the mutual benefit, prosperity, and well-being of all elements of the society.

This problem of racial tension and adjustment naturally greatly complicates the trend toward self-government which pervades the continent. However, we can and do take note of the encouraging efforts which are being made to meet the situation on the basis of partnership and cooperation.

Simultaneous with the rise of nationalism and the increase in racial tension is another basic trend—that of detribalization. The African is undergoing in a matter of decades a socioeconomic revolution that took Western Europe centuries to

achieve. Such a rapid, sweeping transformation is not without its tensions, uneasiness, and dangers.

Western institutions are replacing tribal ones; Western culture is being superimposed upon tribal customs and mores. As a consequence the traditional tribal pattern of living, thinking, and working is breaking up. The African is learning the principles of Christianity or Islam to replace his pagan or animistic cults. Urbanism is replacing communal living. Western-type social classes are developing, which did not exist before. Money economies and industrialized economic activity are appearing where before one found only the subsistence farmer and nomadic herdsman.

The pace of detribalization, as the pace toward self-government, is as uneven as the Western impact is varied. The African thus finds himself cut loose from the old, not yet able to absorb the new, and groping for new principles to give meaning to his place in society. The resultant atmosphere is as electric as that of an African tribal dance.

Now, let us return to a consideration of Africa as a whole.

From the mere recital of the present status of three outstanding African movements—nationalism, racialism, and detribalization—it is evident that the continent, like molten metal, is fluid and ready to be molded. This does not automatically mean that it will be molded into the Western image. In the second half of the 20th century it is clear that neither Africa nor any other part of the world is a Western preserve, inviolate and unassailable. Fundamentally, it is the African himself who in the long run will largely determine the future form of his own institutions.

#### **Threat of Soviet Penetration**

The recent Afro-Asian Solidarity Conference in Cairo dramatized the major threat to the tranquillity and natural Western orientation of Africa—a clear Soviet threat to penetrate the continent. Although the net propaganda effect of the Cairo conference appears to be much less than its sponsors fondly dreamed, it is evident that the Soviets have created a new instrument in their permanent Afro-Asian Peoples Solidarity Council and Secretariat for pushing Communist infiltration of African countries.

The Soviet purpose there has long been evident. Stalin, in his *Problems of Leninism*, declared in 1924: "The road to victory of the revolution in the West lies through the revolutionary alliance with the liberation movement of the colonies and dependent countries." Communist policy today remains to stir up anticolonialism and racism and direct these movements toward establishment of regimes subservient to the Soviet bloc and unfriendly to the West.

To date the Russians have succeeded in establishing diplomatic relations with some, but not all, of Africa's independent states. They have infiltrated some labor unions and nationalist organizations, have been extremely active among African students both in Europe and Africa, and have multiplied their economic overtures to most of the independent nations. Communist Parties, however, have been outlawed in many territories, and, in general, overall Communist gains have thus far been limited.

Yet, despite this somewhat spotty record, the Soviet effort to penetrate the continent is increasing, particularly on the economic front. The Soviet delegate to the recent Cairo Afro-Asian conference offered unlimited Russian economic aid "without strings" to any African state that merely asked for it.

When the Soviets make such offers, they obviously believe they have a field for exploitation. Let us, then, consider briefly another major African problem—that of economic development. As the problem is so diverse and detailed, I can only summarize:

The creation of land and population pressures, the growth of urbanization, trade unions, and profitable, though highly vulnerable, one-crop economies have effected a rapid rise of African economic expectations. Simultaneously, local capital accumulations and technical knowledge are extremely limited and severely restrict the capability to realize these new expectations. Economic discontent thus results from and contributes to further political instability—a condition which appeals to those schooled to "fish in troubled waters."

We have seen something of the European interest and responsibility in Africa. Soviet interest has been brought forcibly home to us by the recent Cairo conference.

### **U.S. Interests and Objectives in Africa**

What, then, are the interests of the United States in Africa?

They are many. They are historic and present and extend importantly into the future.

American humanitarian interest was demonstrated in the 19th century when the American Colonization Society was chartered to send freed slaves to the West Coast of Africa, and in 1822 Liberia was first settled with the assistance of private and public U.S. funds. This interest is further evident in the activities of some 5,000 American missionaries now at work in Africa—the largest single American missionary effort in the world.

It is also natural that the United States should have an interest in a continent from which came so many of our citizens. Who can evaluate the rich contribution made to America by that 10 percent of our population of African origin?

Our trade with Africa totaled more than \$1 billion in 1956 and represented 4½ percent of all U.S. imports and 3½ percent of all U.S. exports. American investment in the continent has a book value of almost \$600 million, the bulk being in the Union of South Africa, the Federation of Rhodesia and Nyasaland, and Liberia.

The strategic position of Africa has long been evident. A friendly southern Mediterranean shore has been historically important to Europe. During World War II, North Africa served as the crucial steppingstone to the liberation of Europe. Today free-world security is strengthened by the presence of strong U.S. deterrent forces at African naval and air bases. The recent closing of the Suez Canal reaffirmed the importance of the alternate Cape route from Europe and America to the Persian Gulf and Far East.

Sub-Saharan Africa is providing us with at least 20 essential, strategic raw materials.

Soviet objectives in Africa are simple and clear: They are strife, subversion, and ultimate control.

What are our objectives there?

We seek to demonstrate to the African peoples a friendly interest in their welfare for their own sake and to promote the sound and orderly social, economic, and political development of the continent in a manner consistent with free-world ideals.

The United States recognizes that membership in the family of nations carries with it group responsibilities. We feel the emerging African

states must recognize the same principle. Premature independence and lack of appreciation of the interdependence of the world community may be as dangerous for Africa as the denial of independence.

To achieve its objectives, the United States has at its disposal the means of diplomacy, economic, technical, and military aid, informational and educational exchange programs, and the vast strength of its private enterprise and philanthropy.

Our diplomatic and consular establishment in Africa, excluding Egypt, numbers 30 posts: 8 embassies, 11 consulates general, and 11 consulates—4 just opened last year.

The United States provides economic, technical, and military assistance, as well as Export-Import Bank loans, to various independent and dependent African territories. Last year the economic and technical aid alone totaled approximately \$60 million. In addition the United States contributes about 40 percent of the funds of the U.N. International Bank for Reconstruction and Development (IBRD), which has made substantial loans for African development.

We maintain important information and educational exchange programs in Africa. During the current fiscal year we are bringing about 190 Africans to the United States and sending more than 40 Americans to Africa under the exchange program. In addition under private, African, or metropolitan governmental sponsorship about 1,450 African students came to study in our colleges and universities last year.

### **Meeting the Challenge**

The question arises: Is the United States doing enough with these programs, with the means and opportunities at its disposal, to meet the challenge before us?

The answer is "No." We must do more. And we plan to do so.

Support in the Congress for the extension and strengthening of our African programs has been both encouraging and farsighted. This year the Department of State is requesting legislation which would permit the Department to proceed with the establishment of a new Bureau of African Affairs, which would concern itself exclusively with Africa. It is also requesting funds to open additional consular posts in the area, to increase

staffs at existing diplomatic and consular establishments in order to facilitate adequate reporting on fast-moving continental developments and to present the face of America to Africans, and to improve the physical facilities at our tropical and hardship posts.

The United States Information Agency, too, is seeking congressional authority to add missions and increase its activities on the continent.

We are also requesting more money for our military, technical, economic, and developmental loan assistance programs to meet the pressing needs of the newly independent states and to fend off the sharp threat of Soviet trade-and-aid penetration.

American private investors are finding rich opportunities in Africa. American industries, in cooperation with European and African authorities, are planning to assist in the development of new areas in addition to those in which they are now concentrated. American private foundations and institutions are expanding their African operations in the fields of education, race relations, and public health. Still more must and can be done in all of these vital fields.

The United States and other Western nations must not lose time in Africa. The continent today is generally friendly to the West. The forces which would win the area away from its natural Western orientation to Communist enslavement or neutralist uncertainty are warming up for the contest. It is essential that we anticipate our problems and meet them, not wait for them to threaten to overwhelm us.

The African people look to the United States for assistance in achieving political, economic, and social progress. They are looking to us for spiritual leadership, expecting us to apply our ideals to our foreign policy. The European nations expect our support in their efforts to maintain African stability and a peaceful, mutually profitable interrelationship.

The United States has a basic interest in African stability. This in turn is clearly dependent upon continuous progress. We must contribute to that progress.

Together with the other nations of the free world, the United States must meet the challenge of Africa—and in time—with the same resolution, the same resources, the same spirit with which we have met great challenges of the past.

## Brazil Receives World Bank Loan for Electric Power Development

The World Bank on January 22 announced a loan of \$13.4 million for electric-power development in the State of São Paulo in Brazil. The loan will help to finance an 85,000-kilowatt power project, being built at Jurumirim on the Paranapanema River, and associated transmission lines. The project will increase the supplies of power to the south-central part of Brazil, where economic development has been hampered in recent years by lack of sufficient power.

The loan was made to the Usinas Electricas do Paranapanema S.A. (USELPA), which was organized in 1953 by the State of São Paulo. In December 1953 the bank made a loan of \$10 million to USELPA to help finance the 68,000-kilowatt Salto Grande power project, which is coming into operation this year. The Salto Grande and Jurumirim projects are the first of a series of electric-power plants planned by USELPA to develop the power potential of the Paranapanema River; it is estimated that the total capacity of the series will be more than 1 million kilowatts.

The Jurumirim project consists of the construction of an 179-foot high dam; a powerhouse with installed capacity of 85,000 kilowatts; a transformer station and switchyard; and two transmission lines, one 172 miles long to interconnect with the system serving the city of São Paulo and the other of 17.5 miles to connect with the Salto Grande plant. The dam to be built at Jurumirim will create a reservoir of very large capacity—5.67 million acre-feet. The effect of this reservoir upstream from the Salto Grande project will be to increase the average yearly output of power of that plant by about 18 percent of what it would otherwise be.

The Jurumirim project will be built by the Brazilian company of Servix Engenharia Limitada, which is also constructing Salto Grande. Work on the Jurumirim project began in May 1956 and thus far has consisted mainly of geological surveys and of the building of preliminary works, access roads, office buildings, and living quarters. According to the present schedule the first generating unit will be in operation by the end of 1960 and the project will be completed by the end of April 1961.

The total cost of the project is estimated at the equivalent of \$47.5 million.

## **President Requests Continuation of Trade Agreements Program**

### **MESSAGE OF THE PRESIDENT TO THE CONGRESS<sup>1</sup>**

#### *To the Congress of the United States:*

I request the Congress to enact legislation that will permit a continuation of the reciprocal trade agreements program on an effective basis for a minimum of 5 additional years past June 30, 1958.

The enactment of this legislation—unweakened by amendments of a kind that would impair its effectiveness—is essential to our national economic interest, to our security, and to our foreign relations.

The high importance of trade to our economy is evident. The income of our people arising from export trade alone approximates or exceeds that arising from many major segments of our economy. The development of a healthy export trade has created a significant number of jobs for our working men and women. Imports furnish our industries with essential raw materials and the benefits of technological advances, add to the variety of goods available to our consumers, and also create jobs for our workers. Moreover, important geographical areas within our country, as well as many of our key industries in both manufacturing and agriculture, look to expanding world trade as an essential ingredient of their future prosperity.

Reciprocal trade agreements negotiated since the advent of the Trade Agreements Act have helped bring a more vigorous, dynamic growth to our American economy. Our own economic self-interest, therefore, demands a continuation of the trade agreements program. Under this program sound two-way trade can be further developed to assure to our industries widening opportunities for participation in world markets, and to provide

foreign nations the opportunity to earn the dollars to pay for the goods we sell. We can either receive the benefits of the reciprocal lowering of trade barriers or suffer the inevitable alternative of increasingly high barriers against our own commerce which would weaken our economy and jeopardize American jobs.

Important as growing international trade is to our country, it is equally important to our Allies and trading partners. For them it is indeed vital to the health and growing strength of their economies, on which their political stability and military power heavily depend. The assured future of the reciprocal trade program is necessary for our national security and for our entire foreign policy.

In particular, it is essential to enable us to meet the latest form of economic challenge to the free world presented by communism. In the state of the Union message,<sup>2</sup> I spoke of the economic offensive that has been mounted against free nations by the Communist imperialists. The Soviet Union is engaged in an intensive effort, through combined programs of trade and aid, to divide the countries of the free world, to detach them one by one and swing them into the orbit of Communist influence.

We must recognize the growing capacity of the Soviet Union in the economic field. Their advances in technology and industrialization, together with their continuing repression of domestic consumption, enable them to supply, better than ever before, the machinery, manufactures, and other goods which are essential to the economic life of many countries.

The Soviet capacity to export is matched by its capacity and willingness to import. It is increas-

<sup>1</sup> H. Doc. 320, 85th Cong., 2d sess.; transmitted on Jan. 30.

<sup>2</sup> BULLETIN of Jan. 27, 1958, p. 115.

ingly offering to import the surpluses of non-Communist states. In this way it seeks to tie such states to the Soviet orbit, and to exploit the trade difficulties of the free world.

This challenge in the economic field cannot be ignored without the gravest risk to our way of life. This fact alone makes it imperative that previous positions be reexamined, and that particular interests be reappraised in the light of overriding national needs.

The question is whether the system of free competitive enterprise for which we stand will meet successfully in the international economic arena the challenge hurled by the Soviet leaders.

We will fail in this endeavor if the free countries do not continue their reduction of the barriers which they themselves impose on their trade with each other. We will fail if closed markets and foreign exchange shortages force free world countries into economic dependence upon the Communist bloc. We will fail if the United States should now abandon the task of building a world trading system from which all free world countries can gain strength and prosperity in a free economic society.

If our Government is to play its decisive part in protecting and strengthening the free economic system against the Communist threat, the trade agreements legislation which the administration is requesting of the Congress must be enacted.

The Secretary of Commerce, who is Chairman of the Trade Policy Committee which I recently established to advise and assist me in the administration of the trade agreements program, including review of recommendations of the United States Tariff Commission, will transmit to the Congress the administration's legislative proposals. These proposals, including the various safeguards for domestic industry, will generally follow the pattern set by the Trade Agreements Extension Act of 1955.

The amount of tariff reduction authority to be requested is essential to the continuing success of the program, as is the 5-year period of the proposed extension to the continuity in our trade relations.

There is a further and very specific factor necessitating a minimum extension of 5 years.

Six European nations, which purchased nearly \$3 billion of our exports last year, have established a European Economic Community which will become a common market with a population nearly as large as our own. These countries will ultimately have a common tariff applying to imports from the rest of the world. It is anticipated that important steps toward this common tariff will become effective during 1962—up to 4½ years from the renewal date of our trade agreements legislation. This period must be devoted to negotiations with the new Economic Community and these negotiations must be preceded by painstaking preparations. Both preparation and negotiation must be based on a clear grant of adequate authority. This timetable requires an extension of the legislation for a minimum of 5 years. Such an extension, with the tariff reduction authority to be requested, is necessary to carry the trade agreements program through the early formative years of the European Economic Community and strengthen our ability to further vital American interests there and elsewhere in the world.

The 5-year extension of the Trade Agreements Act with broadened authority to negotiate is essential to America's vital national interests. It will strengthen our economy which is the foundation of our national security. It will enhance the economic health and strength of the free world. It will provide a powerful force in waging total peace.

DWIGHT D. EISENHOWER

THE WHITE HOUSE,  
January 30, 1958.

## Congressional Documents Relating to Foreign Policy

### 85th Congress, 2d Session

Subcommittee on Disarmament. Report of the Senate Committee on Foreign Relations to accompany S. Res. 241. S. Rept. 1179, January 16, 1958. 2 pp.

Communication from the President of the United States Transmitting a Proposed Supplemental Appropriation for the Fiscal Year 1958 in the Amount of \$2,054,000 for the President's Special International Program. H. Doc. 306, January 16, 1958. 2 pp.

## **Mr. Khrushchev's Trade Challenge—Will We Meet It?**

*by Douglas Dillon*

*Deputy Under Secretary for Economic Affairs<sup>1</sup>*

I have been looking forward to this opportunity to meet with the members of the Economic Club of Detroit. Here in Detroit one feels very close to the economic pulse of the United States. Here great economic decisions are made affecting production, prices, and wages, decisions which touch the daily lives of all of us. Also, I have something I have been wanting very much to say—something about which you, as business leaders in this economic heartland of the Nation, ought to be deeply concerned.

You may think that I have chosen a somewhat sensational title for my remarks. Unfortunately, the implications are sobering. "Foreign trade policy and the national security of the United States" would be another way of saying the same thing.

Last November Mr. Khrushchev, in a conversation with a well-known American publisher, who, incidentally, owns one of Detroit's local newspapers, made the following statement:

We declare war upon you—excuse me for using such an expression—in the peaceful field of trade. We declare a war we will win over the United States. The threat to the United States is not the ICBM, but in the field of peaceful production. We are relentless in this, and it will prove the superiority of our system.

It is interesting but not surprising to note that, in the official Soviet version of this statement published for the edification of the Russian people, all references to war were eliminated. Even so, the message comes through clear enough.

Now if such a statement had been made by a Soviet leader 10—or even 5—years ago, I suspect

that most of us would have shrugged it off, much as we would a claim that the automobile had been invented by Ivan Fordovitch. Today, however, the signals are flying that the Russians can cause rough weather in international economic waters. The hurricane warnings are not up yet, but it is time to trim the ship.

We in the United States—and in other free-world countries—have been so preoccupied since World War II with the Soviet military menace that we have only recently grasped the growing threat presented by Soviet economic power.

So far I have not said one word about the Sputniks. I will say one and then be through. It is that the lasting significance of the Sputniks, in my judgment, lies in the fact that a nation with the industrial capacity to launch the earth satellites is also a nation capable of sustaining a powerful economic offensive against the free world.

We have realized for a long time that the Soviet Union is a great world military power. But, as a people, we have failed to understand that it is also in process of becoming a great world economic power. We seem to understand the need to meet the military threat. It is not so certain that we will prepare ourselves to meet the economic threat.

### **Sino-Soviet Economic Offensive**

The Sino-Soviet economic offensive against the free world is now well under way. There is every reason to believe that it will be intensified.

In order to see more clearly the problem we face, let us look at a few figures:

The world of 1958 consists of 2.75 billion people. Approximately 1 billion are living under

<sup>1</sup> Address made before the Economic Club of Detroit at Detroit, Mich., on Jan. 27 (press release 30 dated Jan. 24).

the Sino-Soviet Communist dictatorship. 1.75 billion are not under this dictatorship, and these are the people of the free world. There are nearly 175 million people in the United States. The rest, possessing varied skills and aptitudes ranging from the most primitive and illiterate to the most highly cultured and economically proficient with centuries of scientific and technical tradition behind them, represent the balance of power in our world today.

These simple facts of population have destroyed forever the notion of a "Fortress America." Our free society will be preserved in a world which as a whole remains largely non-Communist, or it will not be preserved at all.

The gross national product of the Soviet Union is greater than that of any country other than the United States. It is only one-third of ours. But it is growing faster—about 50 percent faster.

We do not know whether, given the larger population that they have coupled with Soviet methods of forced investment, Soviet economic output will increase to an absolute level higher than our own at some future time. We do not know the limits of human endurance under the Communist system of suppression of the individual, which thus far has made possible the high growth rates in the Soviet Union. But we do know—and Mr. Khrushchev knows—that the Communist world, no matter how sternly regimented, can never hope to outproduce the free world *if the free world stays together*. Soviet success is therefore dependent upon dividing the free world and moving some of it under their control.

The total exports of the Sino-Soviet Communist bloc to the free world amounted in 1957 to some \$3.1 billions. This is still relatively small in comparison with our own exports or with those, say, of the United Kingdom or of Western Germany, but it is an increase of over 70 percent in 4 years. And we know that there is no technical or economic reason why the Communist bloc could not double or triple this volume within a very few years more. The bloc is now in a position to export a wide variety of manufactured goods, including capital equipment, which are needed in many parts of the free world. It is also able to absorb, and, more important, apparently willing to absorb, increased imports of foodstuffs, raw materials, and consumers goods in payment. If the bloc were to accomplish a trade objective of

this magnitude, which now appears to be within its capacity, it could exercise a substantial influence on world trade as a whole and a very great influence in selected target countries where Soviet penetration is an immediate objective.

#### Soviet Aid and Trade

For a reason which I shall now mention, it appears probable that this is the course which the Soviet Communist leaders have set for themselves.

Most of you no doubt have read of the new program of large-scale Communist aid to the less developed countries. In the last 3 years the bloc has agreed to provide assistance to these countries totaling over \$1.9 billions. Most of this is economic aid for development purposes—steel mills, irrigation works, power dams, cement plants, and the like. Most of it is concentrated in Asia and the Near East, where the popular insistence on economic development is an overriding political fact of life. And all of it is on seemingly favorable terms—long-term loans repayable in commodities or local currencies, no obvious "strings," and interest rates of 2 and 2½ percent.

These Soviet aid programs of today are meant to lay the basis for Soviet trade expansion tomorrow. The steps are simple and clear. First, a Soviet credit is extended to country *x* for development purposes. Provision is made in the agreement that country *x* will use the credit for purchasing Soviet goods and that the Soviet Union will accept repayment of the credit by importing the goods of country *x*. Second, as country *x* draws down the credit, its imports from the Soviet Union increase. And third, when country *x* eventually repays the credit, its exports to the Soviet Union increase.

In short, Soviet aid and trade are tightly linked together. The aid program opens the market, and the trade program secures it. With tempting offers of aid on the one hand and, on the other, a willingness to take surplus products in payment, the Communist bloc is constructing a powerful weapon for economic penetration. The effect could be to create economic dependence on the bloc, which would enable it to exert the acquired economic power for political purposes.

The Soviet sale of arms to Egypt in exchange for cotton; the Soviet willingness to buy fish from

Iceland, where there is a NATO military base; the relatively huge credits to Syria, in the Middle East; the economic probing that is going on in Latin America; the loans to India, the largest and strongest underdeveloped country in the free world—these are not the random effects of a foreign economic policy whose object is to promote general economic well-being in a community of independent nations. They are, unhappily, only the most obvious evidences that Mr. Khrushchev meant what he said—in the version which was not published inside Russia.

What can the non-Communist world do to withstand this Soviet drive which uses economic penetration as a prelude to political domination? Two things are needed. I do not mention them in any order of priority because both are essential. First, all of the countries of the free world need expanded markets for their exports, so that they can pay for the imports they require for economic health. This means the continued reduction of governmental barriers to trade. And, second, the less developed countries need, in addition, larger amounts of developmental capital.

Unless the countries of the free world cooperate together in providing these two essentials—expanded trade and increased development—there is the danger that the Communists may achieve gains in their economic offensive so striking as to fatally wound our free economic system.

In the time remaining I will limit my remarks to what we as a nation should, and must, do in the field of international trade.

#### **Importance of U.S. Trade-Agreements Program**

I am sure I do not have to inform a Detroit audience, especially the Economic Club of Detroit, of the fact that we have had a successful trade-agreements program in operation for some 24 years. That program has been supported by the American people because it is economically sound and because it has brought great benefits to our country. But what some may not fully realize is that this program, originally conceived of as a means of easing the barriers to American exports and imports, has now literally become the instrument through which most of the important trading nations of the free world cooperate with one another. Our Presidents have used the power to reduce our tariff, which the Congress has given them, as a means of enlisting the cooperation of

the larger part of the free world in a program of trade-barrier reduction and mutually beneficial trade. Thus, through our trade agreements, notably the 37-nation General Agreement on Tariffs and Trade, we have been able to set in motion a worldwide movement for the reduction of trade barriers among the free nations.

It is the future of this entire movement toward expanded trade within the free world which will be at stake this year when Congress considers the renewal of the trade-agreements legislation which the President has called for. The continuation of this movement for trade liberalization has become an essential element in the maintenance of the economic independence of our partners and allies, and hence of our own national security.

Let me recapitulate briefly at this point, because I want to be very clear about the vital bearing which our trade-agreements program has on our national security:

The free nations, of which we are the strongest member, are faced with the threat of a powerful Soviet trade drive aimed at dividing us, weakening us, and eventually subverting as many of us as possible. Because of the growing economic potential of the Soviet Union, this trade offensive could succeed. If it does, the security of our Nation would be placed in the gravest jeopardy. An essential element of the economic defense of the free nations against the Soviet economic offensive lies in the expansion of trade among themselves. Such an expansion requires the continued reduction of trade barriers among the free nations. The other free countries will not be able to continue the reduction of trade barriers unless the United States—which is at once the largest market for their exports and the largest source of supply for their imports—also continues to reduce its barriers to trade. And this cannot be done unless the Congress extends the trade-agreements legislation, on an effective basis, as has been requested by the President.

These are the facts.

In his state of the Union message<sup>2</sup> the President requested that the trade-agreements legislation be extended for a period of 5 years from June 30, 1958, accompanied by broadened authority to negotiate individual tariff rates.

As you know, the usual period for an extension of the Trade Agreements Act has been 3 years,

<sup>2</sup> BULLETIN of Jan. 27, 1958, p. 115.

and the question has been asked why the longer period is proposed. The request for an extension of 5 years is not a whim nor a matter of bargaining tactics with the Congress. The administration is not asking for 5 years with the thought of settling for 3. It is asking for 5 years because 5 years are needed in order to carry through an effective program of trade-barrier reduction in the period ahead.

#### **European Common Market**

Let me explain:

Since the last extension of the Trade Agreements Act in 1955 a new, important, and I may say welcome, trading entity has entered on the scene. This is the European Common Market. On January 1 of this year the Treaty Establishing the European Economic Community entered into force among France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg. The treaty provides that over a period of 12 to 15 years all tariffs and other trade barriers among the six nations will be completely eliminated. It provides for the application of a common uniform tariff to imports into the Common Market from other countries with the first step in approaching the common tariff to be taken at the end of 1961.

The Government of the United States—the Congress as well as the executive branch—has supported the project of the European Common Market. It has done so because, if the Common Market is successfully established, it promises to call a halt to the age-old political rivalries which have torn Europe in the past and because it is likely to expand trade both within Europe and with the rest of the free world. Economically and politically, therefore, the Common Market should bring strength to the free world as a whole.

The Common Market comprises a community of some 160 million people with a total foreign trade somewhat larger than that of the United States. The tariff level to be established by the new eco-

nomic community will, therefore, be of great importance to other countries, including the United States.

It has already been agreed, as a result of the rules of the General Agreement on Tariffs and Trade, to which all of the Common Market countries belong, that the new tariff of the Common Market will not be higher on the whole than the average of the separate tariffs of the six countries which were in effect prior to the establishment of the Common Market. Yet it is important, if free-world trade is not to be unnecessarily damaged by the economic adjustments which the formation of the Common Market will entail, that this tariff be made as low as possible through reciprocal tariff negotiations with the United States and with other free-world countries which are dependent on exports to Western Europe. It is also highly important to United States business, agriculture, and labor that the individual rates on our chief exports to the Common Market be set as low as possible.

These are the reasons why the administration is asking for a 5-year extension of the Trade Agreements Act. The best judgment we have is that it will take no less than 5 years to prepare for and carry through an effective tariff negotiation with the Common Market countries during the period when their new tariff schedule is in the process of being established.

The trade-agreements legislation this year will no doubt encounter colorful opposition. It always has. There have always been those who have preferred to place their short-range special interests above the interests of the Nation as a whole. But we have never before faced the economic threat to our way of life that we face today. And never before has our trade-agreements program been so vital to our national security. I am confident that, once the people of the United States understand what is at stake, there can be no doubt of their response. They will be overwhelmingly in favor of the continuation of this program.

## French Financial Discussions

The Department of State on January 30 (press release 41) released a joint announcement by the Treasury Department, the Department of State, and the Export-Import Bank relating to financial discussions between the United States and France. Attached to the joint announcement were the following documents, all dated January 30: a statement issued by the French Government simultaneously at Paris and Washington regarding financial discussions with the European Payments Union, the International Monetary Fund, and the Government of the United States; an announcement of the International Monetary Fund relating to France; an announcement of the Organization for European Economic Cooperation relating to action of the European Payments Union with respect to France; a statement by Jean Monnet, head of the French financial mission; a statement by Per Jacobsson, managing director of the International Monetary Fund; and a statement by Douglas Dillon, Deputy Under Secretary of State for Economic Affairs.

### TREASURY-STATE-EXIMBANK ANNOUNCEMENT

Discussions on the French financial situation have been held in Washington during the past two weeks between officials and agencies of the Government of the United States and a French financial mission headed by M. Jean Monnet.

The United States has been represented in these talks by the Secretary of the Treasury, Mr. Robert B. Anderson; the Deputy Under Secretary of State for Economic Affairs, Mr. C. Douglas Dillon; and the President of the Export-Import Bank, Mr. Samuel C. Waugh.

The representatives of the French Government have simultaneously conducted similar discussions with the International Monetary Fund, in Washington, and the European Payments Union, in Paris.

All of these discussions were completed today.

During the discussions the French representatives have described the financial program which has been adopted by the French Government and Parliament for the purpose of eliminating inflation, achieving equilibrium in the French balance-of-payments, and restoring financial stability. This program is described in the statement which has been issued today by the French Government.

In view of the financial program adopted by France, the European Payments Union will extend to France credits equivalent to \$250,000,000; the International Monetary Fund has agreed to make available to France the equivalent of \$131,250,000; and the United States has agreed to extend to France certain financial facilities amounting to \$274,000,000.

The amounts to be provided by these three sources total \$655,250,000, which will assist the French Government in carrying through the financial program it has adopted.

The financial facilities being extended to France by the Government of the United States consist of the following arrangements:

Agreement relating to the refunding, at maturity date, of the next four semi-annual installments of principal on prior Export-Import Bank loans	\$96 million
Agreement relating to the postponement of 3 annual installments, as to principal and interest, on prior Lend-lease and Surplus Property credits	\$90 million
Agreements for the shipment to France of cotton under Public Law 480 and Section 402 of the Mutual Security Act (to be completed)	\$43 million
Agreement for the sale, for francs, of United States military supplies and equipment for French NATO forces in Europe, up to	\$45 million
	<hr/>
	\$274 million

The details of the arrangements provided through the European Payments Union and the

International Monetary Fund are being announced by the two international institutions.

#### STATEMENT ISSUED BY FRENCH GOVERNMENT

The credits and other financial facilities extended to France are as follows:

Drawings against EPU	\$250,000,000
Drawings against IMF	131,250,000
Facilities extended by the U.S. Government:	
Agreement relating to the refunding, at maturity date, of the next four semi-annual installments of principal on prior Export-Import Bank loans	96,000,000
Agreement relating to the postponement of 3 annual installments, as to principal and interest, on prior Lend-Lease and Surplus Property credits	90,000,000
Agreements for the shipment to France of cotton under Public Law 480 and Section 402 of the Mutual Security Act (to be completed)	43,000,000
Agreement for the sale, for francs, of U.S. military supplies and equipment for French NATO forces in Europe, up to	45,000,000
	<hr/>
	\$655,250,000

These credits and financial facilities, together with the remedial measures adopted by the French Government, especially in the budgetary law for 1958, will assure France against inflation and recession, and in consequence will have the effect of bringing about a net improvement of the financial situation.

The French Government has concluded a series of discussions with the European Payments Union, the International Monetary Fund and officials and agencies of the United States Government. The French Government has been represented in these discussions by a mission headed by M. Jean Monnet.

The financial program undertaken by the Government and the Parliament during the last few months has already resulted in a material improvement in both the French internal and external position. For example, although for 1957 as a whole the French balance of payments was substantially adverse, it was favorable on current account for December, and the first results for January have confirmed this improvement.

The return to financial stability is being accomplished by two principal types of measures:

First, the Parliament has adopted a budget drastically cutting Government expenditures, and has at the same time provided new taxes which will increase Government revenues.

Secondly, necessary steps have been taken to reduce inflationary pressures by restricting credit.

The budget for the present year adopted by the French Parliament provides that the total outlays of the French Treasury will be fully covered from taxes and non-inflationary borrowing. The difference between total outlays and fiscal revenue—which will not exceed 600 billion francs—will be covered by normal Treasury resources and the mobilization of savings.

In order to assure that the budgetary objectives are achieved a procedure has been established in the budgetary law approved by Parliament which will bring the rate of accomplishment under continual review. Under this procedure the Government will submit to Parliament before the end of February a comprehensive report setting forth the financial and economic prospects for the present year. Similar reports will be made in June and October, each reviewing the progress to date. If any report should show an adverse trend in the budgetary situation the Government will use all of its available powers to remedy the situation and will request additional legislation from Parliament if necessary.

In addition, the French Government is taking measures to eliminate inflationary pressures through the control of credit.

As a result of the cumulative effect of these budget and credit measures, 1958 should show a distinct improvement in the French financial picture. Inflation should be effectively halted. The achievement of internal equilibrium should in turn contribute to maintaining a favorable condition in external balances, making an increased volume of goods available for export while bringing imports to a normal level. This will enable France to play its full part in the development of the European Economic Community and EURATOM and to remove restrictions on its imports in accordance with its international obligations.

As a consequence of the adoption of the French program to restore financial stability, the European Payments Union, the International Monetary Fund and the United States Government have arranged drawings, credits and other finan-

cial facilities for France to a total of \$655,250,000. These facilities will assist the French Government in carrying through its financial program.

#### **MONETARY FUND ANNOUNCEMENT**

At the request of the Government of France, the International Monetary Fund has entered into a one-year stand-by arrangement under which the French Government may purchase up to \$131,250,000 in currencies held by the Fund.

The French Government is pursuing a fiscal and monetary program directed toward rehabilitation of the French financial position as a basis for subsequent liberalization of controls on French foreign trade and payments. The arrangement with the Fund, in combination with financial facilities extended by the Organization for European Economic Cooperation through the European Payments Union and the United States Government, is intended to support the French foreign reserve position and in that way to strengthen confidence in the present French effort.

The French Government first drew upon the Fund in 1947, when it purchased U.S. \$125,000,000 with francs. The repayment of this amount to the Fund was completed in April 1956. In October 1956 the French Government made a stand-by arrangement under which it purchased U.S. \$262,500,000 from the Fund during the first six months of 1957.

#### **OEEC ANNOUNCEMENT**

The Council of the Organization for European Economic Cooperation has today agreed that France be granted credit by the European Payments Union up to a total of 250 million units of account. (The EPU unit of account is equivalent to one United States dollar.) These credits will be made available to France partly by way of a *rallonge* extending France's settlement facilities in the Union on a 75 percent gold, 25 percent credit basis by 400 million units of account, and partly by way of a special credit, of 150 million units of accounts, which can be used by France instead of gold in the Union's monthly settlements.

This decision is further evidence of the close co-operation which has been established between the countries of Western Europe through the OEEC,

and of the value of that association to all its members.

The International Monetary Fund has, at the same time, approved a drawing by France on the Fund of 131.25 million dollars, and further financial facilities amounting to 274 million dollars are being extended to France by the Government of the United States.

The total credit made available to France through the OEEC (EPU), the IMF and the United States Government thus amounts to 655,250,000 dollars.

This decision of the Council has been made after careful and detailed examination by the Managing Board of the EPU, with the assistance of French experts, of the present economic situation in France and the program put forward by the French Government to redress this situation. In a memorandum on which the decision of the Council was based the French Government has reiterated the firm decision which has been taken in regard to the ceiling on government expenditure, the size of the *impasse*, the avoidance of fresh advances from the Bank of France, the limitation of recourse to the Bank of France for medium-term credit for housing and the nationalized industries, the continuation of a tight credit policy and the resumption of liberalization of trade.

The French Government aims to restore the internal economic situation of France in such a way that it can in the course of this year and in 1959, carry out its external commitments and especially those which it has undertaken in regard to the liberalization of trade in the OEEC, without danger of incurring a further deficit on external account.

#### **STATEMENT BY M. MONNET**

Today, together, the International Monetary Fund and the European Payments Union—the two international monetary organizations—with agencies of the United States Government, have extended to the French Government important financial facilities. So the main financial institutions of the world have acted in common to support the efforts undertaken by one of the countries of the free world.

This country is France. The effort of its Government and of the whole nation toward financial stability is considerable. I believe that, thanks to

this effort and to the support which France is receiving, she is on the way toward financial stability.

If the Government and Parliament are successful in this way—and I believe they will be—then France will have completed what is in fact since the end of the war a true internal revolution: increased population, increased and modernized production, adaptation of ancient national conditions to the development of the modern world. In fact, France is on the way to become a *pays neuf*.

The internal changes are France's modern revolution. They have led her to endorse the wider revolution of a United Europe. I am very much aware today that I speak as a Frenchman. I speak also as an European. France is now part of a vast undertaking with her five continental neighbors, Germany, Italy, and the three Benelux states.

In a few years the European communities—and they will be communities in the fullest sense of the term—will link indissolubly France, Germany, Italy, and the three Benelux states in a great single market, a market comparable to the American market, under European federal institutions. We have all arrived at this point by much the same road. We may still look like the old world on the maps, but our conditions in fact are changing at high speed.

Europe must contribute more nearly equally with America to the development of the West. United, Europe can do it. Separately, its nations cannot.

The six countries have opened the way, and we hope others will join their common effort. I wanted to underline this fundamental point: henceforth no Frenchman, just as no German or Italian or Belgian or Dutchman or Luxembourger, welcomed here in Washington, will come simply as a representative of his own country. He has become, and will increasingly become, what has till now only been a cultural sense: a European.

#### **STATEMENT BY MR. JACOBSSON**

This is not the first time that the International Monetary Fund has extended its credit facilities in conjunction with other financial institutions,

but it is the first time the fund has done so together not only with U.S. agencies but also with the European Payments Union. This tripartite arrangement may justly be regarded as a sign of the widespread interest in the rehabilitation of the French finances and the desire to assist by the combination of many forces in the success of the program now being pursued by the French Government.

Thanks to the measures which have been taken in recent months, it is already possible to point to some distinct improvements in the French situation. On the domestic front, loans issued by the railways and by the electricity administration have received ready response in the markets, and recent changes in prices and wages have been comparatively moderate. On the foreign side, the French balance of payments, which for the whole of 1957 was heavily in deficit, showed a surplus on current account in December 1957, and the latest data available indicate that this surplus was continued in the first half of January 1958.

Owing to these developments, the program is off to a good start. The question now is to continue with vigor and determination the effort which has been initiated and to implement fully the various provisions in the program already accepted by the Government and Parliament. Important safeguards have wisely been included in the budget law to secure full publicity about the trend of the financial and economic situation in France. The law requires the Government to make periodic reports to Parliament, and to take steps to rectify any adverse budgetary trend that may be disclosed in these reports and, if necessary, to request Parliament to vote additional measures to remedy the situation.

But this is, of course, not only a matter for the Government; business, labor, and the public at large also need to be aware of their responsibilities and avoid making any such claims for credits or increases in profits, prices, and wages as would jeopardize the success of the present effort.

A good program has been adopted, foreign credits are available, and confidence has begun to return. It now remains to follow through, for the stage has been set for a lasting rehabilitation of the French position, in the interest first and foremost of the French people but also to the benefit of Europe generally and, indeed, in the interests of international financial stability.

## STATEMENT BY MR. DILLON

The discussions just concluded between the French financial mission, headed by M. Monnet, and Secretary Anderson, Mr. Waugh, and myself have been held in a cordial, constructive atmosphere. We have been happy to meet with M. Monnet and the members of his mission. We are naturally pleased that our discussions with the French representatives, as well as those which have taken place in the European Payments Union and the International Monetary Fund, have been successful.

In these discussions we on the United States side have been conscious of France's important role in the Atlantic community and in the movement for European integration. We have been encouraged by the determination of the French Government to establish conditions of internal and external financial stability. The action of the two international financial institutions demonstrates again both the close cooperation of the countries of Western Europe and the progress which is being made through the International Monetary Fund to assist governments in achieving financial stability.

We are confident that the financial facilities made available by the International Monetary Fund, the European Payments Union, and the United States will provide effective support for the program being undertaken by France to achieve economic stability, to liberalize her international trade, and to play her full role in the development of the European Common Market.

## Eximbank Summarizes Operations for Six-Month Period

The Export-Import Bank of Washington announced on January 18 that during the period July 1 through December 31, 1957, the bank authorized 88 credits in 24 countries for a total of \$468.4 million. These credits ranged from one of \$550 to assist a dealer in Brazil to buy a disk plowing harrow from a manufacturer in Georgia to another of \$115 million to the Bank of Japan to buy agricultural commodities in the United States.

The credits were distributed as follows:

*In Asia* 15 credits were authorized in five countries for a total of \$242.1 million, or 51.6 percent of the dollar total.

*In Latin America* 63 credits were authorized in 11 countries for a total of \$158.9 million, or 34.1 percent of the dollar total.

*In Europe* 10 credits were authorized in eight countries for a total of \$67.4 million, or 14.3 percent of the dollar total.

The majority of credits in this period was authorized to meet the various needs of private business enterprise, the normal course:

54 credits totaling \$118.3 million were authorized in the private sector;

28 credits totaling \$100.5 million were authorized to private borrowers with government guaranties, for a total of 82 private credits; and

6 credits totaling \$249.6 million were authorized to governments or government agencies.

With these credits borrowers will buy in the United States for use abroad a wide variety of capital equipment. The largest dollar volume of these credits will be spent in the United States for: agricultural commodities (largely cotton), steel mills, aircraft, electrical generating equipment, industrial equipment, telephone equipment, mining machinery, railroad equipment, and farm equipment.

A total of 64 credits for \$56.5 million was authorized at the request of U.S. exporters or financial institutions during the period July 1 to December 31, 1957, including four increases in credits of \$249,500. An additional 24 credits for \$411.9 million were authorized on request of overseas purchasers, including two increases of \$24.1 million. Tabulation of these authorizations by areas in millions of dollars:

	On request of U.S. exporters	Amount	On request of overseas purchasers	Amount
Asia . . . . .	6	\$5.2	9	\$236.9
Europe . . . . .	6	46.2	4	21.2
Latin America . . .	52	5.1	11	153.8
Totals . . . . .	64	56.5	24	411.9

The bank's latest statement of operations is as follows:

	July 1 to Dec. 31, 1957	Cumula- tive Feb. 12, 1954, to Dec. 31, 1957
	(million)	
Gross income . . . . .	\$47.1	\$867.2
Expenses:		
Interest paid to U.S.		
Treasury . . . . .	13.3	202.8
Other operating expenses . . . . .	1.0	15.0
Net income . . . . .	32.8	649.4
Dividends paid to U.S.		
Treasury <sup>1</sup> . . . . .		173.4
Losses charged off . . . . .		.5
Undivided profits and re-serve for contingencies . . . . .	32.8	475.5
Loans authorized . . . . .	468.3	8,959.4
Participations and cancellations . . . . .	35.6	1,586.9
Disbursed on loans . . . . .	535.9	5,940.1
Payments received on loans . . . . .	154.5	2,955.5
Undisbursed loan authorizations . . . . .		1,432.5
Outstanding loans . . . . .		2,984.5
Total outstanding loans and undisbursed loan authorizations . . . . .		4,417.0

<sup>1</sup> Dividends are paid on an annual basis, at the close of the fiscal year.

<sup>2</sup> Includes reserves for delinquent installments of principal totaling \$12.4 million on Dec. 31, 1957, some of which have been subsequently paid.

## U.S.-Australian Agreement on Defense Use of Technology

Press release 29 dated January 24

The Department of State announced on January 24 the signing of an agreement with Australia to facilitate the exchange of patent rights and technical information for defense purposes. The agreement was signed at Washington on January 24, 1958, by Sir Percy Spender, Australian Ambassador, and Thomas C. Mann, Assistant Secretary of State for Economic Affairs. The agreement with Australia entered into force on the date of signature.

The agreement is expected to foster the exchange of technology for defense purposes between the two Governments and between the private industries of the two countries. Thus, it should be of reciprocal benefit in providing for national defense.

The agreement with Australia is the latest to be signed of a series negotiated with the NATO coun-

tries and other countries with which the United States has mutual defense ties. Similar agreements have been signed with Italy, the United Kingdom, Belgium, Norway, the Netherlands, Greece, the Federal Republic of Germany, Turkey, Japan, and France.

These agreements recognize that, whenever practicable, privately owned technology should generally be used through commercial agreements between owners and users. They also note that rights of private owners of patents and technical information should be fully recognized and protected in accordance with laws applicable to such rights. The agreements are also intended to assure fair treatment of private owners when they deal directly with a foreign government. In addition, the agreements provide for the protection of technical information communicated through government channels and for the establishment of arrangements by which owners of patentable inventions placed under secrecy by one government may obtain comparable protection in the other country.

The agreements further provide that, as a general rule, when government-owned inventions are interchanged for defense purposes, this interchange will take place on a royalty-free basis.

Each of the agreements provides for the establishment of a technical property committee to be composed of a representative of each government. These committees are charged with general responsibility for considering and making recommendations on any matters relating to the agreements brought before them by either government either on their own behalf or on behalf of their nationals. One of the specific functions of the committee is to make recommendations to the governments, either in particular cases or in general, concerning disparities in their laws affecting the compensation of owners of patents and technical information.

Policy guidance for the United States representatives on the technical property committees is provided by the Interagency Technical Property Committee for Defense, which is chaired by the Department of Defense and includes representatives of the Departments of State, Justice, and Commerce, the International Cooperation Administration, and the Government Patents Board. This committee is assisted by an industry advisory group representing major sectors of American industry concerned with defense production.

## INTERNATIONAL ORGANIZATIONS AND CONFERENCES

### **U.N. Security Council Considers Jordan Complaint Against Israel**

*Following is the text of a statement made in the U.N. Security Council on January 22 by Henry Cabot Lodge, U.S. Representative in the Security Council, together with the text of a resolution adopted by the Council on the same date.*

#### **STATEMENT BY AMBASSADOR LODGE**

U.S./U.N. press release 2865 dated January 22

The participation of the new members in the Security Council affords the United States great satisfaction. We warmly welcome Canada, our trusted neighbor and friend; Japan, our valued colleague and such a distinguished new member of the United Nations; and Panama, our good friend with whom we have such very close ties. They will contribute greatly to the work of the Council. We express our compliments also to Australia, Cuba, and the Philippines, who did so much that was of real value when they were members of the Council.

Mr. President, the complaint before the Security Council<sup>1</sup> relates to the area between the lines around Government House near Jerusalem. It has been brought here because the General Armistice Agreement between Israel and Jordan has not adequately provided for regulation of controversial activities in that area. The parties to the Armistice Agreement do not agree what civilian activities, if any, are permissible there. These circumstances have produced a need for Council action.

We listened with interest to the statements made in the Council both on September 6 and on November 22. We have also studied carefully the report<sup>2</sup> submitted by the Acting Chief of Staff [Col. Byron V. Leary] in response to the Council's request.

Different opinions as to the status of the zone

were clearly expressed both in the speeches and in the report. The representative of Israel [Mordecai R. Kidron] asserted that there is an inner "civilian line which divides the areas of activity of Israeli and Jordanian civilians and to which Jordan has agreed."

The representative of Jordan [Yusuf Haikal] denied that any such formal agreement exists. He maintained that the zone was established by the truce supervision board and the cease-fire agreement, and confirmed by the Armistice Agreement, and that it is a no man's land under the control and supervision of the United Nations. He asserted that the only rights are those of private ownership.

The Acting Chief of Staff, on the other hand, has mentioned the absence of provisions in the General Armistice Agreement regarding the civilian status of the zone. It is also evident from his report that activities involving more than the zone's residents have been carried on, both from Israel and from Jordan, since the signing of the Armistice Agreement. Both parties appear to have tacitly agreed to at least some of these activities. The complaint before us indicates that other activities are controversial.

The disagreement that has now arisen points to the need for an authoritative definition of rights in the zone and for some system of control based on those rights.

Since neither party enjoys sovereignty over the area and no agreement on the status or rights in the zone seems to exist, it is the responsibility of the Security Council to provide for the regulation of the area so as to reduce tensions and incidents between the two countries. The logical entity for the Council to turn to in achieving this result is the Chief of Staff of the Truce Supervision Organization. He is the agent of the Security Council on the scene and is obviously best qualified to perform this function. A clearer definition of his authority and responsibility will protect the legitimate interests of both countries. It will also benefit the international community by improving the prospects for tranquillity and stability.

<sup>1</sup> U.N. doc. S/3878.

<sup>2</sup> U.N. doc. S/3892.

The United States and the United Kingdom have accordingly submitted a resolution which, in response to the Jordanian complaint, is designed to strengthen the authority of the United Nations in the area and to provide for continued suspension of the activity which gave rise to the dispute. I will go over its provisions one by one.

In its preamble, the resolution recalls the Council's previous consideration of the complaint and refers to the report submitted by the Acting Chief of Staff. It notes that the status of the area between the armistice demarcation lines is affected by provisions of the General Armistice Agreement and that neither Israel nor Jordan enjoys sovereignty over any part of the area between the respective demarcation lines. Finally, the preamble defines the spirit that motivates the resolution, namely, a desire to reduce tensions and to avoid new incidents.

The resolution then directs the Chief of Staff of the United Nations Truce Supervision Organization to regulate activities in the zone, subject to such arrangements as may be made pursuant to the provisions of the Armistice Agreement and to the recommendations made in his report. In this he is to bear in mind the ownership of property, to wit: Israelis should not be allowed to use Arab-owned properties, and Arabs should not be allowed to use Israeli-owned properties unless the parties agree otherwise. Provision would thus be made for the necessary control of activities in this critical area.

In order that the Chief of Staff may have authoritative information, the resolution then directs him to make the necessary survey to determine property ownership.

The resolution also endorses the recommendations made by the Acting Chief of Staff in his report. In particular, so as to create an atmosphere that will be more conducive to fruitful discussions, it calls for suspension of activities undertaken in the zone such as those initiated by Israelis on July 21, 1957, until the Chief of Staff has completed his survey and arrangements are made for the regulation of activities. The resolution then calls upon the parties to cooperate with the Chief of Staff and in the Mixed Armistice Commission in carrying out the provisions of the resolution.

It requests the parties to observe article 3 of the Armistice Agreement, which governs the demilitarized nature of the zone, and calls upon them to

make use of the machinery provided for in the Armistice Agreement. Finally, it requests the Chief of Staff to report on the implementation of the resolution.

Mr. President, the United States believes that this resolution points the way to a prompt and equitable solution. We hope that the Council will adopt it. It establishes practical arrangements for regulating the zone without prejudicing the interests of either party. Full cooperation by the two parties could contribute substantially to the establishment of peace and stability in this part of the world.

#### TEXT OF RESOLUTION<sup>1</sup>

U.N. doc. S/3942

*The Security Council,*

*Recalling its consideration on 6 September 1957, of the complaint of the Hashemite Kingdom of Jordan concerning activities conducted by Israel in the zone between the armistice demarcation lines in the area of Government House at Jerusalem,*

*Having considered the report relating to the zone dated 23 September 1957, submitted in response to the Council's request by the Acting Chief of Staff of the United Nations Truce Supervision Organization,*

*Noting that the status of the zone is affected by the provisions of the General Armistice Agreement and that neither Israel nor Jordan enjoys sovereignty over any part of the zone (the zone being beyond the respective demarcation lines),*

*Motivated by a desire to reduce tensions and avoid the creation of new incidents,*

1. *Directs the Chief of Staff of the United Nations Truce Supervision Organization to regulate activities within the zone subject to such arrangements as may be made pursuant to the provisions of the General Armistice Agreement and pursuant to paragraph 3 below, bearing in mind ownership of property there, it being understood that unless otherwise mutually agreed, Israelis should not be allowed to use Arab-owned properties and Arabs should not be allowed to use Israeli-owned properties;*

2. *Directs the Chief of Staff to conduct a survey of property records with a view to determining property ownership in the zone;*

3. *Endorses the recommendations of the Acting Chief of Staff to the end that:*

(a) *The parties should discuss through the Mixed Armistice Commission civilian activities in the zone;*

(b) *In order to create an atmosphere which would be more conducive to fruitful discussion, activities in the zone, such as those initiated by Israelis on 21 July 1957, should be suspended until such time as the survey will*

<sup>1</sup> Unanimously adopted by the Security Council on Jan. 22.

have been completed and provisions made for the regulation of activities in the zone;

(c) Such discussions should be completed within a period of two months; and

(d) The Security Council should be advised of the result of the discussions;

4. *Calls upon* the parties to the Israeli-Jordan General Armistice Agreement to co-operate with the Chief of Staff and in the Mixed Armistice Commission in carrying out these recommendations pursuant to this resolution;

5. *Calls upon* the parties to the Israel-Jordan General Armistice Agreement to observe article 3 of the Agreement and prevent all forces referred to in article 3 of the Agreement from passing over the armistice demarcation lines and to remove or destroy all their respective military facilities and installations in the zone;

6. *Calls upon* the parties to use the machinery provided for in the General Armistice Agreement for the implementation of the provisions of that Agreement; and

7. *Requests* the Chief of Staff to report on the implementation of this resolution.

pects of Highway Safety. E/CN.11/TRANS/Sub.2/29, September 25, 1957. 152 pp. mimeo.  
Economic Commission for Asia and the Far East. Committee on Industry and Natural Resources. Report of the Working Party of Senior Geologists on the Preparation of Regional Geological and Mineral Maps for Asia and the Far East. E/CN.11/I&NR/4, November 26, 1957. 24 pp. mimeo.

Statistical Commission. The Choice of an Appropriate Statistical Unit for Economic Inquiries. Memorandum by the Secretary-General. E/CN.3/244, December 10, 1957. 24 pp. mimeo.

Statistical Commission. Report on Statistical Aspects of the International Definition and Measurement of Levels of Living. Memorandum prepared by the Secretary-General, in collaboration with the Food and Agriculture Organization, International Labour Organization, United Nations Educational, Scientific and Cultural Organization and World Health Organization. E/CN.3/241, December 12, 1957. 24 pp. mimeo.

## TREATY INFORMATION

### Current Actions

#### MULTILATERAL

##### Atomic Energy

Statute of the International Atomic Energy Agency. Done at New York October 26, 1956. Entered into force July 29, 1957. TIAS 3873.

Ratification deposited: Luxembourg, January 29, 1958.

##### Aviation

Agreement on joint financing of certain air navigation services in Greenland and the Faroe Islands. Done at Geneva September 25, 1956.<sup>1</sup>

Acceptance deposited: Denmark, December 18, 1957.

Agreement on joint financing of certain air navigation services in Iceland. Done at Geneva September 25, 1956.<sup>1</sup>

Acceptance deposited: Denmark, December 18, 1957.

##### Postal Services

Convention of the Postal Union of the Americas and Spain, final protocol, and regulations of execution. Signed at Bogota November 9, 1955. Entered into force March 1, 1956. TIAS 3653.

Ratification deposited: Cuba, December 26, 1957.

##### Shipping

Convention on the Intergovernmental Maritime Consultative Organization. Signed at Geneva March 6, 1948.<sup>1</sup>

Acceptance deposited: Iran, January 2, 1958.

#### BILATERAL

##### Ethiopia

Agreement relating to the disposition of equipment and materials no longer required in the furtherance of the mutual defense assistance program. Effectuated by ex-

<sup>1</sup> Not in force.

<sup>1</sup> Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York 27, N. Y. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.

change of notes at Addis Ababa January 2 and 6, 1958. Entered into force January 6, 1958.

#### France

Agreement on postponement of installments pursuant to the lend-lease agreement of May 28, 1946 (TIAS 1928) and the surplus property agreement of December 6, 1947. Signed at Washington January 30, 1958. Entered into force January 30, 1958.

Memorandum of understanding relating to sales to France of military equipment, materials, and services under the mutual defense assistance agreement of January 27, 1950 (TIAS 2012). Signed at Washington January 30, 1958. Entered into force January 30, 1958.

#### Ireland

Agreement for financing certain educational exchange programs. Signed at Dublin March 16, 1957. Entered into force December 23, 1957 (date of receipt of notification by Ireland that implementing procedures have been completed).

#### Japan

Agreement for financing an educational exchange program, with memorandum. Effectuated by exchange of notes at Tokyo January 11, 1958. Entered into force January 11, 1958.

Agreement extending the lease of certain vessels covered by the charter party agreement of November 12, 1952 (TIAS 2714). Effectuated by exchange of notes at Tokyo January 13, 1958. Entered into force January 13, 1958.

#### Turkey

Agricultural commodities agreement under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (68 Stat. 454, 455; 69 Stat. 44, 721; 71 Stat. 345), and exchanges of notes. Signed at Ankara January 20, 1958. Entered into force January 20, 1958.

#### Union of Soviet Socialist Republics

Agreement on exchanges in the cultural, technical, and educational fields. Signed at Washington January 27, 1958. Entered into force January 27, 1958.

#### United Kingdom

Agreement relating to the weather station on Betio Island. Effectuated by exchange of notes at Washington January 20, 1958. Entered into force January 20, 1958.

### DEPARTMENT AND FOREIGN SERVICE

#### Confirmations

The Senate on January 27 confirmed the following:

George V. Allen to be Director of the United States Information Agency.

Homer M. Byington, Jr., to be Ambassador to the Federation of Malaya.

Tom B. Coughran to be the United States Executive Director of the International Bank for Reconstruction and Development for a term of 2 years.

Donald R. Heath to be Ambassador to the Kingdom of Saudi Arabia and Minister to the Kingdom of Yemen.

Dr. H. van Zile Hyde to be Representative of the United States on the Executive Board of the World Health Organization.

Thorsten V. Kalijarvi to be Ambassador to El Salvador. Thomas C. Mann to be an Assistant Secretary of State. Robert McClintock to be Ambassador to the Republic of Lebanon.

Dempster McIntosh to be Manager of the Development Loan Fund in the International Cooperation Administration of the Department of State.

Gerard C. Smith to be an Assistant Secretary of State.

The Senate on January 29 confirmed the following:

Christopher H. Phillips to be Representative of the United States on the Economic and Social Council of the United Nations.

Karl L. Rankin to be Ambassador to Yugoslavia.

Charles W. Yost to be Ambassador to the Republic of Syria.

The Senate on January 30 confirmed U. Alexis Johnson to be Ambassador to Thailand.

#### Designations

Eric Kocher as Director, Office of Southeast Asian Affairs, effective January 26.

### Check List of Department of State Press Releases: January 27-February 2

Releases may be obtained from the News Division, Department of State, Washington 25, D. C. Press releases issued prior to January 27 which appear in this issue of the BULLETIN are Nos. 29, 30, and 32 of January 24.

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33	1/27	U.S.-U.S.S.R. exchange agreement.
33-A	1/27	Additional U.S. statement.
33-B	1/27	Letters of understanding on radio-TV exchanges.
34	1/27	Dulles: arrival statement, Ankara.
35	1/27	Dulles: opening statement, Baghdad Pact.
*36	1/28	Educational exchange.
37	1/28	Dulles: letter to Prime Minister of Turkey on bombings.
38	1/28	Recognition of Junta as Provisional Government of Venezuela.
†39	1/29	Letter of appreciation of U.S. loan offer to India.
40	1/29	Johnston to negotiate with Soviets on films.
41	1/30	French financial discussions.
42	1/31	Dulles: closing statement, Baghdad Pact.
43	1/31	Baghdad Pact communiqué.
†44	1/31	Mann: "U.S. Trade Policy and the European Common Market."
†45	1/31	Documents on German Foreign Policy.
46	2/1	Dulles: arrival statement, Washington.

\* Not printed.

† Held for a later issue of the BULLETIN.

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